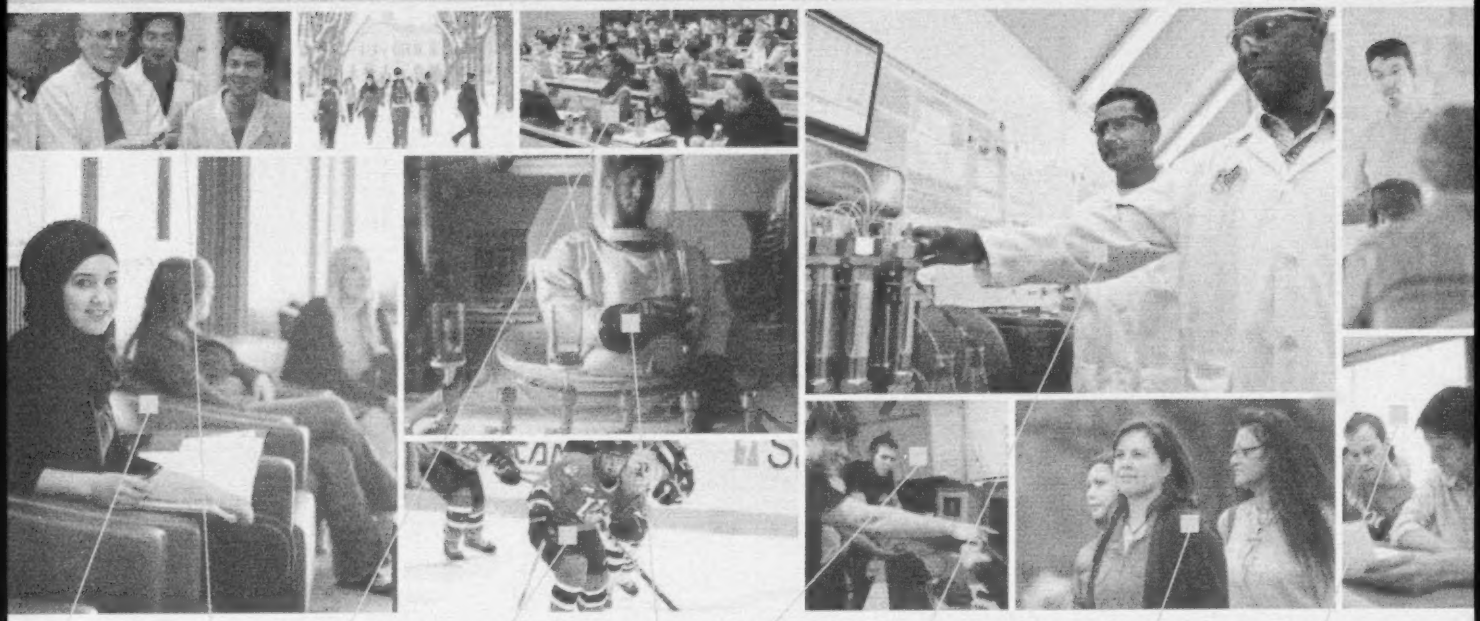
2013/14

University of Saskatchewan Annual Financial Report

UNIVERSITY OF SASKATCHEWAN | usask.ca

U of S at a glance



OVER 20,000 STUDENTS FROM MORE THAN 100 COUNTRIES

A LOW 17:1 STUDENT TO FACULTY RATIO

ANNUAL REVENUE OF $1 BILLION

15 HUSKIES ATHLETICS TEAMS AND OVER 120 CHAMPIONSHIPS

OVER 120 GRADUATE DEGREE PROGRAMS

NEARLY 200 UNDERGRADUATE PROGRAM OPTIONS

13 INTERDISCIPLINARY COLLEGES, 3 GRADUATE SCHOOLS AND 6 AFFILIATED OR FEDERATED COLLEGES

2,000 STUDENTS WHO SELF-IDENTIFY ABORIGINAL ANCESTRY

$39.1 MILLION IN ANNUAL SCHOLARSHIPS AND BURSARIES

About **us**

The U of S is an environment where curiosity leads to discovery. We develop technologies and policies that protect our health and improve quality of life. We understand and sustain the resources—minerals, energy, food and water—that are critical to our world. We examine history, we observe the present and we influence the future. Our campus is a lively place with space for art, living, eating and sport, designed for the community of people who live, work, study and play at the U of S.

Historical **highlights**

- **1907**: University Act established the U of S
- **1908-1937**: First president Walter Murray
- **1912**: First convocation of seven students
- **1912**: First issue of *The Sheaf* published
- **1912**: First Huskies team
- **1917**: First Alumni Association formed
- **1952**: First PhD granted
- **2011:** U of S became a member of the prestigious U15 research university group

Unique **centres**

- **Canadian Light Source**—Canada's only facility for synchrotron light research
- **Global Institute for Water Security**—supporting sustainable use of the world's water resources and protection against natural hazards such as flood and drought
- **Vaccine and Infectious Disease Organization** and **International Vaccine Centre**—one of the largest vaccine research and teaching facilities in North America
- **U of S Health Sciences**—creating a new standard for interprofessional health education, research and practice
- **Global Institute for Food Security**—developing Saskatchewan-led solutions to feed a growing world population
- **Sylvia Fedoruk Canadian Centre for Nuclear Innovation**—supporting global leadership in nuclear research, development and training

Signature Areas of **Research**

- **Aboriginal Peoples**: Engagement and Scholarship
- **Agriculture**: Food and Bioproducts for a Sustainable Future
- **Energy and Mineral Resources**: Technology and Public Policy for a Sustainable Environment
- **One Health**: Solutions at the Animal-Human-Environment Interface
- **Synchrotron Sciences**: Innovation in Health, Environment and Advanced Technologies
- **Water Security**: Stewardship of the World's Freshwater Resources

Enrolment Snapshot

OVERALL ENROLMENT

-0.2%

TOTAL ENROLMENT

20,305

UNDERGRADUATE

16,447 -0.4%

GRADUATE

2,937 +1.3%

NON-DEGREE

504 -5.4%

POST-GRADUATE CLINICAL

417 +2.7%

INTERNATIONAL ENROLMENT

+5.2%

TOTAL ENROLMENT

2,224

UNDERGRADUATE, NON-DEGREE AND POST-GRADUATE CLINICAL

1,198 +2.5%

GRADUATE

1,026 +8.3%

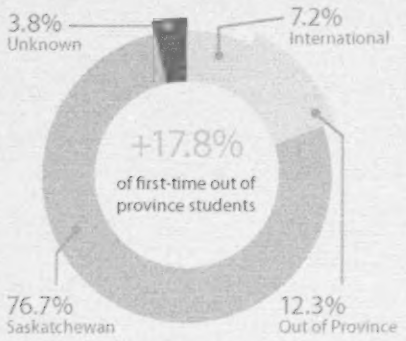
TOP 5 COUNTRY OF ORIGIN

- China* 827 (570 UG, 257 G)
- India 170 (38 UG, 132 G)
- Nigeria 169 (110 UG, 59 G)
- Iran 120 (6 UG, 114 G)
- Bangladesh 70 (16 UG, 54 G)

*Includes Hong Kong

ORIGIN OF STUDENTS

UNDERGRADUATE DIRECT-ENTRY



ABORIGINAL ENROLMENT

TOTAL ENROLMENT

1,999

UNDERGRADUATE, NON-DEGREE AND POST-GRADUATE CLINICAL

1,818

GRADUATE

181

RETENTION

Fall to winter term overall retention rate for first to second year students in direct-entry programs

OVERALL

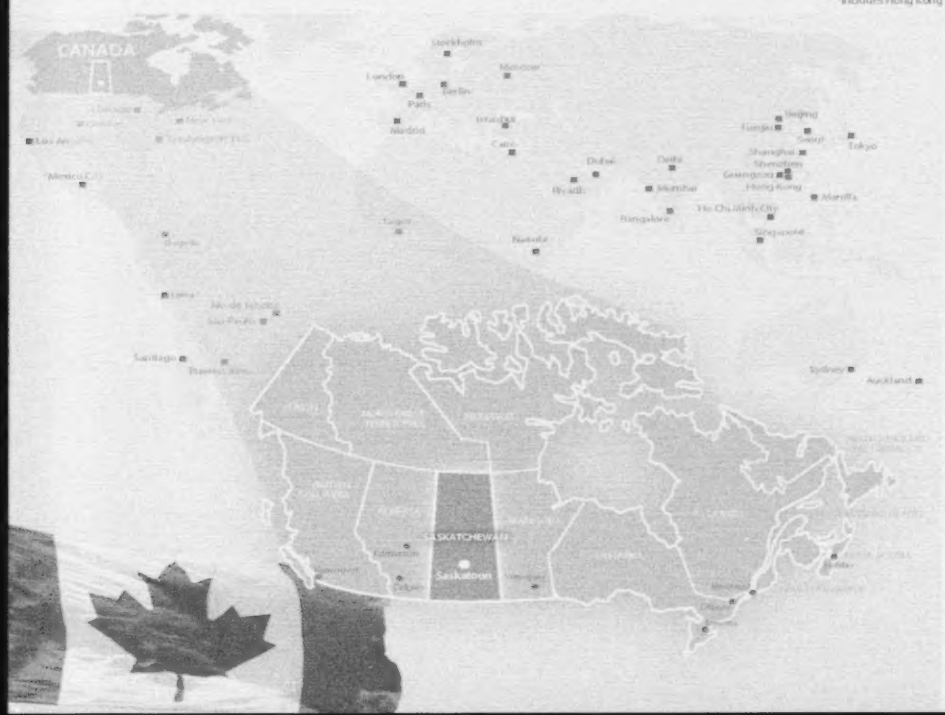
94.3%

ABORIGINAL

93.5%

INTERNATIONAL

94.2%



University of Saskatchewan

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Susan Milburn

Chair, Board of Governors

On behalf of the board, I want to thank the entire U of S community for coming together to address the fact that our operating expenses are growing faster than our revenues. But as has always been the case throughout our university's history, our dedication, hard work and prairie resourcefulness have resulted in significant progress towards our goal of financial sustainability.

Building on the past year, our work with the university's senior leaders continues to be focused on making strategic decisions to ensure sustained, long-term financial sustainability by permanently reducing the gap between our revenue and expenses.

Financial sustainability is a critical step toward improving our place among Canada's top research-intensive universities – the U15. We are pleased to continue this work alongside the dedicated members of the university community. The steps taken over the past year strengthens our foundation for the future, which is built upon a proud history of excellence.

As new individuals join our leadership team at the university and on the board, I am confident that we have taken the necessary and appropriate steps to maintain the university's exceptional record of financial management.

Gordon Barnhart

Interim President

I wish to thank the entire university community for welcoming me so warmly since I stepped into the role of interim president on May 23. While in this position it is my goal, however I can, to help the University of Saskatchewan regain its place among the most distinguished universities in Canada and beyond, and position us to move forward.

Financial sustainability is fundamental to achieving our goals. And while we must keep a watchful eye on our finances, our focus must always remain squarely on our mission to facilitate learning and discovery. We are proud of, not only the breadth of academic study at our university, but particularly the collaboration between diverse disciplines. This collaboration stems from the belief that we are always stronger when we work together.

It is that belief that has resulted in significant success and achievement in the university's signature areas of focus: Aboriginal people, agriculture and food, mineral and energy resources, human and animal health, synchrotron science and water security. These areas of excellence are supported by outstanding facilities - including the Global Institutes for Water Security, and Food Security, the Canadian Light Source synchrotron, and the Vaccine and Infectious Disease Organization and the International Vaccine Centre - and people who are working to provide solutions to local, national and global challenges. With all of this at our fingertips, we are leading innovation in health, environment and progressive technologies.

The educational opportunities at our university extend far beyond science-related fields; we have a wide array of programs in the fine arts, humanities and social sciences, everything from English, history and psychology to religion and culture, music and art.

Our university was built upon our expertise in agriculture for the prairies; it remains one of our strengths, but we have become a much broader-based institution of higher learning.

I am pleased with the progress outlined in this annual financial report. I have great optimism that we have the right mix of people, resources and resiliency to continue moving forward to take our place among the great universities of this country and beyond.

Management Discussion and Analysis
2013/14

Setting the Context

In 2013/14 the University of Saskatchewan reported revenue of over $1.0 billion from all sources. It is a major economic presence in the province and nationally as a member of the U15, a group of the most research-intensive universities in the country. The university is a complex organization with diverse activities and a variety of funding sources, including: the Province of Saskatchewan (comprising 49% of total 2013/14 revenue); the federal government (7%), which primarily supports research; student tuition and fees (13%); sales of services and products (10%, primarily generated by ancillary operations); and investment income (8%). Outstanding investment returns resulted in an increase in the proportionate share of total revenue from last year's level (5%), with very positive results for the Operating Budget, Endowments and to a lesser degree, Pensions.

To ensure accountability to funders and donors, the university follows restricted fund accounting for both its internal and external financial reporting. This means that funds provided to the university for a specific purpose, such as a research or capital project, are held and restricted for that purpose. During 2013/14, the university's total revenue by fund was comprised of:

- **Operating Fund** (66.2%) – primary activities relating to instruction and research, including the cost of most faculty salaries and administrative and infrastructure support (for example, utilities). The Operating Budget and Reserve funds are a group of funds within the Operating Fund wherein the allocation of revenue to colleges, units and activities is the responsibility of the board and senior management. Key revenue sources within this fund grouping include the provincial government operating grant, tuition, and investment income;
- **Ancillary Fund** (5.3%) – includes sales-producing operations such as the bookstore, residences and food services;
- **Student Financial Aid** (1.3%) – includes funding for and the cost of scholarships and bursaries;
- **Research Fund** (19.2%) – includes grants, contracts and donations for research activity;
- **Capital Fund** (3.6%) – includes revenue restricted for capital and capital expenditures for sustaining and developing the campus' $5.3 billion (replacement cost) in infrastructure;
- **Endowment Fund** (4.4%) – includes donations and a portion of related investment earnings where the principal is to be retained in perpetuity.

The university has a history of sound financial management and has developed a number of indicators of financial health which are highlighted in this annual report. The Operating Budget was balanced with a healthy surplus of $10.1 million (about 2% of planned operating expenditures) caused primarily by investment income results. Investment income was also the primary driver for Endowment growth to almost $300 million, with a comfortable segregated capital position of 56%. Another sign of continued financial strength includes the growth in research revenue to $195.6 million. Substantial capital expansion continued with completion of Health Sciences E Wing, Graduate Student Residence and Dairy Research Facility resulting in state-of-the-art space for teaching, research and student activities, and resulting in improvements to the facilities condition index.

In spite of these positive indicators, there are areas of continuing concern.

Capital expansion has placed a strain on debt capacity. As a result of principal repayments, overall debt has reduced by $10.4 million from prior year's level, but at April 30, 2014, with external debt of $188.0 million, it is still close to capacity limits. This debt translates to $10,413 per full-time equivalent (FTE) student. Our U15 peers average much lower, at $7,278 per FTE student. The Province provided cash grants for capital for 2014/15, which means that debt will not increase, but funding for annual principal and interest obligations of $15.3 million remains a concern. Preventative maintenance and renewal of facilities and infrastructure continues to be an area where annual funding does not keep up with annual needs for long-term maintenance and renewal of capital. Although endowment funds have increased to $14,606 per FTE student, they fall far short of our U15 peer group ($19,772 per FTE student). Defined pension obligations continue to be a concern, with a deficit for the three defined benefit plans of $11.2 million, which increases to $50.5 million on a going-concern funding basis. Perhaps the area of most concern is the challenge to ensure financial sustainability of our operations and in particular our Operating Budget activities.

Operating Budget Challenge

Background

The university launched a comprehensive four-year strategy of financial, workforce, program and process review in 2012/13. Planning and budgetary projections in the development of *Promise and Potential*, our third integrated plan and accompanying multi-year budget framework for 2012/13 to 2015/16 showed a widening gap between revenues and expenses leading to a projected $44.5 million deficit in our Operating Budget by 2016, if we took no action. Expenditures have been growing at about 5% while the annual grant from the province for base operations has been increasing at about 2% (plus targeted funding increases, which for 2014/15 added a further $8.4 million).

Although this level is still higher than peer institutions, it prompted the university to look ahead and consider the widening gap between projected revenues and expenditures, and as a result, to undertake an ambitious Operating Budget Adjustments (OBA) Initiative.

In year one of the OBA Initiative (2012/13), to facilitate change one-time "transition" funds were secured from college and unit reserves, supplemented by a portion of the university's reserve fund. With salaries and benefits comprising the largest portion of the Operating Budget, the majority of colleges, schools and units participated in workforce planning to ensure alignment of resources with priorities and to find efficiencies where possible. The actions taken in 2012/13 are estimated to result in permanent Operating Budget expense reductions of $15.5 million (with $9.8 million as a result of workforce planning) – about one-third of the projected financial gap of $44.5 million.

During 2013/14 the primary undertaking of OBA was a process of academic and support service program prioritization. Task forces comprised of nominated representatives from across campus were established, all programs and services were assessed and in December 2013, task force reports were released to the campus community. The Provost's Committee on Integrated Planning (PCIP) then considered the task force reports, and based on further information and evaluation, in May 2014, PCIP released an initial action plan organized around the broad themes of: 1) Simplify and amalgamate structures; 2) Focus on the core mission; 3) Shared services and 4) Incorporate prioritization into ongoing practice.

Although the majority of projects included in the action plan are supported by the campus community, the action plan prompted spirited reaction and opposition. The board and senior management are committed to listening and proceeding carefully with actions that are in the best interests of the university. Over the summer, more consultation will be undertaken with campus leaders, in addition management will assess the financial situation, update projections and then determine which actions should proceed.

Actions taken in 2013/14 are estimated to result in permanent Operating Budget savings of $16.5 million, including $7.6 million as a result of a faculty incentive plan for retirement, and $6.6 million from investment earnings. In total, 77 faculty were approved for the incentive plan, which should result in annual Operating Budget savings of about $11.9 million. About one-third of savings from the faculty retirement program has been earmarked for reinvestment in faculty positions in strategic areas.

The permanent change of $6.6 million to the investment income budget is based on a change in investment asset mix. During the year, $200 million was transferred from fixed income to the long-term pool which has a higher proportion of equity holdings. The earnings projections for the long-term pool are about 6% compared to the fixed income pool of 2%. Actions taken in 2013/14 of $16.5 million together with actions taken in 2012/13 of $15.5 million will mean that about $12.5 million would remain to be achieved compared to the original target of $44.5 million. As noted above, the Operating Budget savings still required will be based on an assessment of the current financial situation updated multi-year projections and consultation with campus leaders.

During the year, other components of the OBA continued, including:

- Revenue Generation – approval of Phase V for Preston Crossing and development of a developer/operator for the college quarter hotel;
- Reducing the Institutional Footprint – "normal" temperature settings are being reduced by one degree in winter and increased by two degrees in summer;
- Maximizing the Value of the University Spend – elimination of some fees assessed by Facilities Management to internal "customers" and developed a plan to eliminate the majority of remaining fees;
- Organizational Design – began consultation on approaches to the design and delivery of a service focused model for administrative services across campus.

These and other initiatives will continue during 2014/15 and subsequent years with the overall objective to use public resources prudently and to their best advantage while ensuring the financial sustainability of the university.

Financial Overview

In the following discussion and analysis, through charts, graphs, and explanatory text, we provide the "guided tour" of the university's finances for the fiscal year 2013/14. Subsections depicting our financial performance, flexibility and sustainability are enhanced with metrics that show the university's position relative to previous years, other institutions and relevant benchmarks.

Financial Operating Results (in millions) for the year ended April 30	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue					
Grants and contracts: Government of Saskatchewan	$352.8	$444.5	$420.3	$447.9	$500.9
Student fees	96.5	103.0	111.3	120.6	127.4
Sales of services, products and other	83.9	90.3	94.4	99.3	98.6
Grants and contracts: Government of Canada	123.7	94.8	86.6	78.7	69.3
Other governments and non-government grants	57.2	96.0	77.7	73.0	85.1
Investment income	51.2	42.7	18.0	54.7	83.3
Gifts, grants and bequests	27.7	31.7	32.1	35.8	29.3
Other income	15.1	16.2	20.4	25.4	24.7
Total Revenue	**$808.1**	**$919.2**	**$860.8**	**$935.4**	**$1,018.6**

Strong support from the Government of Saskatchewan continued, with provincial revenue comprising 49% of total university revenue in 2013/14. Almost every provincial ministry provided funding to the university, with the operating grant from the Ministry of Advanced Education (AE) comprising the largest component ($320.5 million of total AE funding of $500.9 million). The 2013/14 operating grant approved by the province provided a 2% ($6.6 million) economic increase, in addition to an increase of $4.4 million targeted for medicine and nursing program expansion and an increase of $4.0 million for the Health Science Building Operating costs. Capital funding from Advanced Education increased by $3.0 million to $32.9 million. Because Capital funding is recorded in a restricted fund, the $32.9 million is based on the 2014/15 provincial funding letter. This amount includes: Supplemental funding-facilities (which the university has directed to principal and interest payments on debt) of $14.5 million; preventative maintenance and renewal of $11.9 million; and capital funding for the Health Sciences building of $6.5 million.

Provincial funding was also received from the Ministry of Health ($83.1 million), which supports the College of Medicine operations through the Clinical Services Fund, Northern Medical Services program and Saskatchewan Health Research Foundation projects. Ministry of Agriculture funding increased by $10.9 million (to $20.7 million), with $3.0 million of the increase pertaining to the Global Institute for Food Security. Innovation Saskatchewan provided $20.0 million (in part through the Sylvia Fedoruk Canadian Centre for Nuclear Innovation (the Fedoruk Centre)), with all funding provided relating to the Fedoruk Centre operations and cyclotron capital project.

Investment revenue increased dramatically to $83.3 million, driven primarily by long-term pool returns of 17.4%, and also resulting from a change in investment mix whereby $200 million was transferred from the fixed income pool to the long-term pool with a higher proportion of equity holdings.

Revenue from Student fees has increased to $127.4 million due to increasing enrolment and tuition increases, with the latter averaging 4.5%. Tuition and fee revenue comprises about 23% of Operating Budget revenue (from a high of 30% in 2004/05). University tuition rates are based on principles of comparability, affordability and accessibility, and quality.

Research Revenue and Funding Achievements

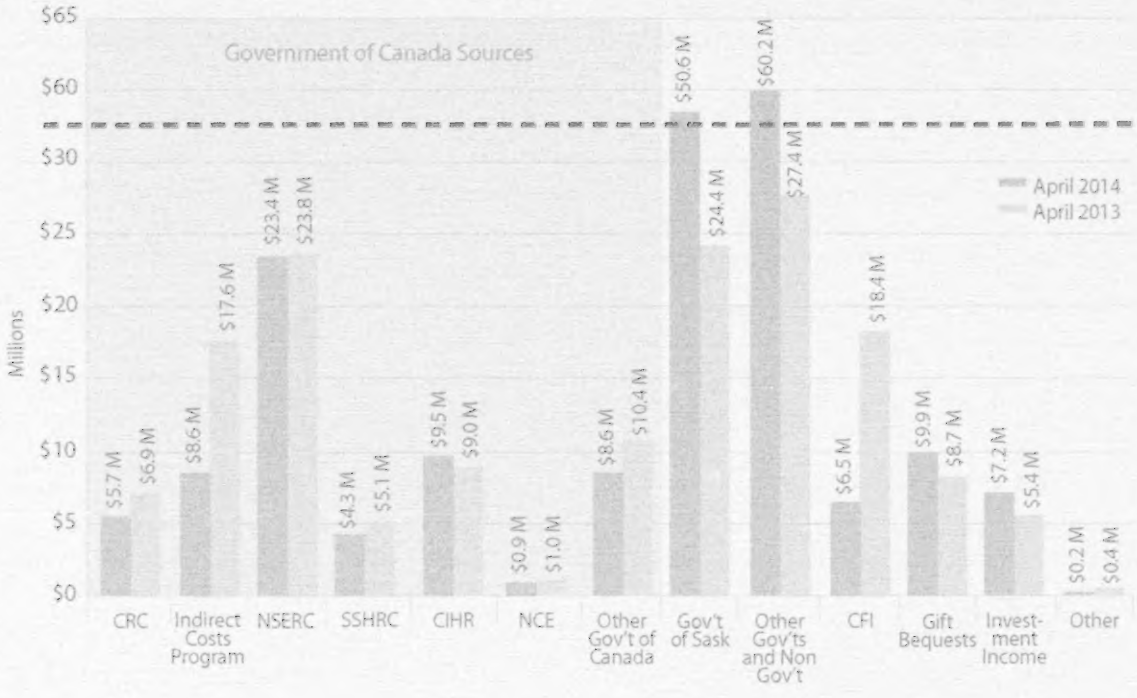
Research revenue increased significantly, by $37.1 million, to $195.6 million. The increase is driven primarily by Government of Saskatchewan funding increase of $26.2 million (including Global Institute for Food Security and funding for the Fedoruk Centre) and Other Governments and Non-Government funding, primarily industry and not-for-profit organizations, of $32.8 million (partially offset by decreases in Canadian Foundation for Innovation (CFI) funding and timing adjustment in the Indirect Cost of Research grant).

The Government of Canada provides the majority of funding for research through tri-agency grants and contracts as well as CFI support. Tri-agency revenue has remained constant for the last few years at around $38 million, with Indirect Costs of Research grant of about $8.6 million and Canada Research Chair (CRC) funding of about $6.0 million.

Funding achievements include:

- Viterra Inc. invested $5.0 million in the U of S Crop Development Centre (CDC) to enhance the CDC's success in wheat research and breeding. As well, Viterra invested $2.0 million in the Global Institute for Food Security (GIFS), becoming the lead grain industry partner to join founding GIFS partners PotashCorp, the Government of Saskatchewan, and the U of S.
- Final installments were received from the Government of Saskatchewan and Western Economic Diversification for the $25.0 million cyclotron and associated lab facility which is under construction on campus.
- Saskatchewan's International Minerals Innovation Institute (IMII) invested $1.7 million for mining engineering course options at U of S. IMII, Mitacs and U of S partnered on a more than $1.0 million investment for a novel research and training initiative – the Mitacs Industry Executive in Residence-Minerals (MIER-Minerals) position – that will advance research in eight areas of strategic importance to the minerals industry.
- Total U of S license and royalty revenue rose to $13.3 million in 2013/14 – a record high for the university.
- The $11.5 million state-of-the-art Rayner Dairy Research and Training Facility opened on campus, providing advanced research capabilities that will help graduate and undergraduate students better prepare for jobs in the industry and benefit producers, industry and consumers.

Research Revenue by Source
for the year ended April 30, 2014 - Total $195.6 M (2013 $158.5 M)



University of Saskatchewan (in millions)	2009/10	2010/11	2011/12	2012/13	2013/14
Research Revenue	$185.7	$206.6	$167.8	$158.5	$195.6
Total Revenue	$808.1	$919.2	$860.8	$935.4	$1,018.6
Percentage of Total Revenue	23%	22%	19%	17%	19%

University of Saskatchewan, one of the medical-doctoral universities in Canada, is a member of the U15, a group of 15 leading research-intensive universities in Canada. Median results for this group of universities are shown in the following table.

U15 (in millions)	2009/10	2010/11	2011/12	2012/13	2013/14*
Research Revenue	$344.0	$344.8	$348.4	$354.4	
Total Revenue	$1,267.0	$1,281.6	$1,263.3	$1,333.1	
Percentage of Total Revenue	27%	27%	28%	27%	

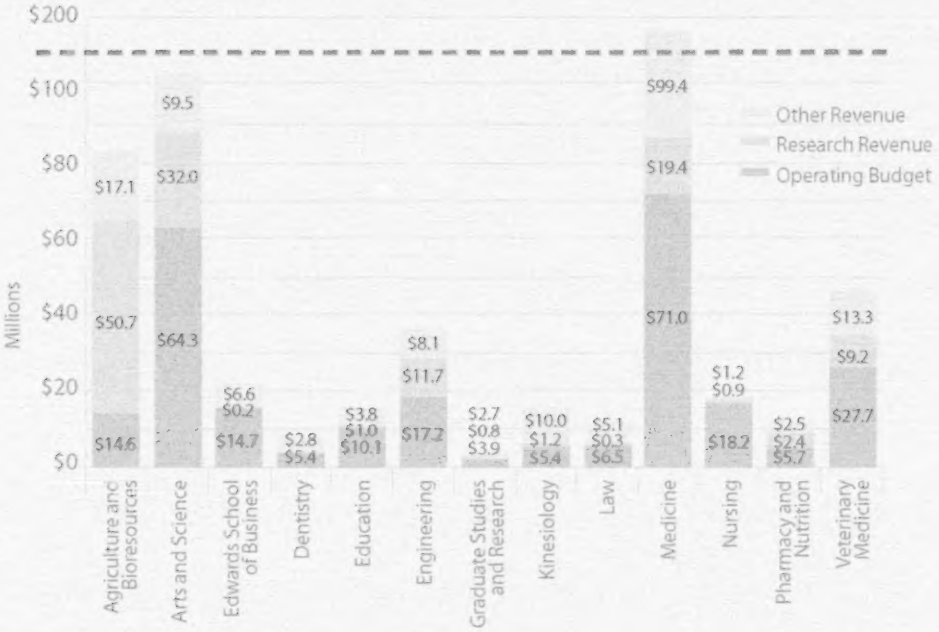
Canadian Research Universities (U15) data provided by CAUBO financial reports
** 2013/14 CAUBO information unavailable*

Medical research is a very significant research revenue contributor at most U15 universities. It is anticipated that with a number of initiatives underway to build greater research capacity in the university's health sciences – including the completion of the Heath Science complex and restructuring funding arrangements in the College of Medicine – research revenue as a percentage of total university revenue will move closer to the U15 average.

Revenue Summarized by College

Many university programs and initiatives are carried out at the college level. Revenues by type (operating, research and other) are shown in the following graph. "Other" includes, for example, targeted funding from government ministries, clinical practice revenue in the College of Medicine, and sales of service activity including through the Veterinary Medical Centre in the Western College of Veterinary Medicine. Research revenue for the College of Agriculture, at $50.7 million, is double last year's level, and includes Ministry of Agriculture $15.0 million, Viterra Inc. $5.0 million and Western Grains Research Foundation $5.2 million.

Source of Revenue for Colleges
for the year ended April 30, 2014 – Total $576.6 M



Expenses (Deployment of Resources)

Financial Operating Results (in millions) for the year ended April 30	2009/10	2010/11	RESTATED 2011/12	2012/13	2013/14
Expenses					
Salaries and employee benefits	$492.0	$478.7	$506.5	$517.5	$534.7
Operational supplies and expenses	89.4	103.0	122.2	131.0	136.8
Costs of goods sold, equipment maintenance, rental, travel and other	45.0	52.9	72.8	59.7	50.8
Scholarships, bursaries and prizes	28.6	31.9	35.0	37.5	39.1
Utilities	20.3	21.6	21.3	23.2	25.0
Amortization	60.1	61.3	60.9	65.4	73.1
Total Expenses	**$735.4**	**$749.4**	**$818.7**	**$834.3**	**$859.5**

Total expenses increased overall by 3% to $859.5 million. The growth is lower than in previous years because of the impact of a "swing" in the mark-to-market valuation for interest on long-term borrowing and natural gas hedges. After adjusting for these market adjustments and the impact of employee future benefit costs, the overall expenditure growth would be 5.2%.

Salaries and benefit expenses as a percentage of total expense comprise the largest portion of our expenses at 62% ($534.7 million). This relates to about 8,000 staff in five bargaining units and exempt staff as well as honoraria expense (excluded in staff totals). Of the total compensation expense, salaries comprise $479.2 million, and benefits comprise $55.5 million. Salaries expense from year-to-year reflects the results of employment agreements for the period, staff turnover and changes in staffing levels.

Salaries expense for 2013/14 includes the following non-typical costs: severance payments of $15.7 million accrued for 77 faculty approved to participate in a faculty incentive plan for retirement; severance payments of $4.3 million ($2.2 million prior year) for CUPE 1975; severance payments cost of $1.6 million for ASPA (prior year $3.2 million); and severance payments costs for exempt staff of $1.0 million ($1.0 million prior year). These costs were offset by work-force planning savings (undertaken as part of the Operating Budget Adjustments) of $3.0 million for ASPA; $3.4 million for CUPE 1975; and $0.5 million for exempt staff.

The university's approach to collective bargaining is based on a board-approved strategy for compensation that takes into consideration the principles of market and merit with the goal of being both competitive and fiscally responsible.

At year-end, status of the university's collective agreements were as follows:

- U of S Faculty Association (USFA): July 1, 2010 – June 30, 2014 (including one year extension approved March 2013)
- Administrative and Supervisory Personnel (ASPA): May 1, 2011 – April 30, 2014
- CUPE 1975 (support staff): January 1, 2013 – December 31, 2015 (ratified June 2014)
- CUPE 3287 (sessional lecturers): September 1, 2010 – August 31, 2014
- PAIRS (interns and residents): January 1, 2013 – December 31, 2014 (ratified August 2013)

Benefit plan costs of $55.5 million have remained relatively constant at 12% of salary cost.

Financial Performance

This section provides key metrics measuring the university's ability to: balance operating revenues and expenses, meet fundraising targets, meet investment earnings targets, and maintain sufficient working capital.

Metric 1 / Financial Performance / Annual Operating Surplus/Deficit Position Compared to Budget and Operating Reserve

While variances in revenues and expenses in the Operating Budget Funds result in an operating surplus or deficit at year-end, variances in annual revenues and expenses in restricted funds are carried forward as either an increase or decrease in the fund balance. Increased revenue in restricted funds is available for those projects to which funding specifically relates. The university has a history of closely managing operating budgets with year-end variances generally between 1% and 2% of annual operating expenditures. For 2013/14 a significant surplus was experienced primarily because of very favourable investment returns. The following depicts the Operating Budget only.

Summary of Operating Budget Results and Operating Reserve Balance for the period 2006/07 to 2013/14

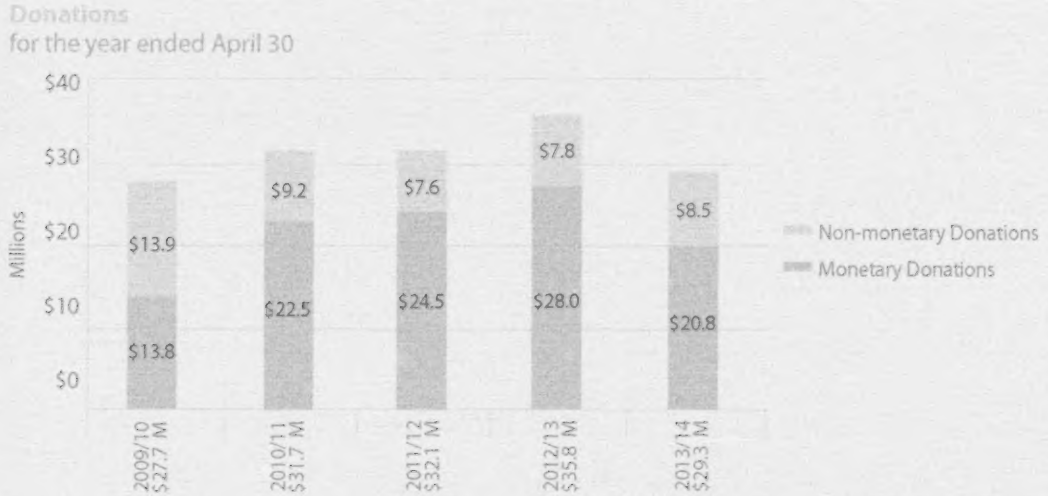
	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Budget								
Revenue ($M)	296.4	311.0	336.5	366.1	388.7	420.0	447.0	467.8
Expenditure ($M)	294.0	311.0	336.5	367.0	388.7	420.0	453.0	471.1
Surplus/(Deficit) ($M)	2.4	0	0	(0.9)	0	0	(6.0)	(3.3)
Actuals*								
Surplus/(Deficit) ($M)	6.7	8.7	6.0	17.7	8.7	7.8	7.0	21.1
Variance in Surplus/(Deficit) ($M)	+4.3	+8.7	+6.0	+18.6	+8.7	+7.8	+13.0	+24.4
Variance (%)	**1.5%**	**2.8%**	**1.8%**	**5.1%**	**2.2%**	**1.9%**	**2.9%**	**5.2%**
Reserve**								
Opening Balance	3.3	6.1	6.7	10.8	15.5	15.5	18.1	10.4
Surplus/(Deficit) ($M)	6.7	8.7	6.0	17.7	8.7	7.8	7.0	21.2
Allocations/Appropriations	(3.9)	(8.1)	(1.9)	(13.0)	(8.7)	(5.2)	(14.7)	(11.1)
Closing Balance	6.1	6.7	10.8	15.5	15.5	18.1	10.4	20.5
Reserve as % of Total Expenditure	**2.1%**	**2.2%**	**3.2%**	**4.2%**	**4.0%**	**4.3%**	**2.3%**	**4.4%**

**Before year-end allocations/appropriations to existing commitments*
***After year-end allocations/appropriations*

The Operating Reserve level of $20.5 million represents 4.4% of Operating Budget expenses. With the adoption of a higher proportion of equity investments, there will be increased annual volatility of investment returns. Accordingly, the board has approved a change to the Operating Reserve guideline, whereby the approved range is between 2% to 6% (previously 1% to 4%) of Operating Budget expenses with a target range of 5%. Determining the appropriate level of reserve is a delicate balance between ensuring sufficient funds to cushion against adverse events while allowing time to respond strategically and ensuring that public funds are used to their best advantage to support programs and operations. The Operating Reserve increase of $10.1 million is net of board approved allocations during 2013/14 of $11.1 million. This included $9.5 million transferred to the transition fund as funding for 2/3rds of the cost of the faculty incentive plan for retirement program and includes $1.6 million funding for year 4 of a 7-year commitment for the Chair in Global Water Security.

Metric 2 / Financial Performance / Dollars Raised by the University of Saskatchewan

An important indicator of operational success is funds raised from donors.



Major gifts, of $1.0 million or more, were provided by: PotashCorp with $5.3 million, of which $5.0 million is directed to support the Global Institute for Food Security, and the balance to Huskie teams, research and student support programs; Estate of Peter Lewochko, with $2.4 million endowment bequest to support students entering the Colleges of Agriculture and Bioresources, Engineering and Education; Leslie and Irene Dubé, with a $2 million donation from their foundation, the third installment of a $10 million pledge towards the Health Sciences project; Viterra Inc., with $2.0 million in support of the Global Institute for Food Security.

Advancement and Community Engagement (ACE) is working to achieve $40 million in reported donation revenue on an annual basis. Some gift-in-kind activity (e.g. Canada Foundation for Innovation) is not reported within the ACE totals.

Metric 3 / Financial Performance / Investment Income Compared to Benchmark

Investment income was up substantially from the prior year. Overall income increased by $28.6 million (to $83.3 million) as a result of long-term pool returns of 17.4% (13.2% in the prior year), although fixed income pool returns were 0.4% (3.4% in the prior year). Revenue, primarily in the Operating Fund, was also enhanced by a transfer of $200 million from the fixed income pool to the long-term pool. The university ensures that all available funds are invested primarily through the use of two pools (long-term pool and fixed income pool) which are managed by external professional investment managers. These investments are valued at market and influenced by market trends. Assessment of performance is ongoing with comparisons to benchmarks and peer universities.

Our university investment and spending policies (against endowment funds earnings) are aligned to ensure that investment returns, measured over the long term, support annual spending policies, with a goal of 4.0% investment returns (after CPI). For the previous 10 years, on average earnings have not met expectations and accordingly the real investment return expectations and net spending amount for 2013/14 year have been reduced to 4.0%. With positive returns of the past two years and a healthy segregated capital position, the spending rate will be revisited in December 2014 for application to 2015/16.

Comparison of investment returns (provided by CAUBO; as at December 2013) to peer universities is provided in the following:

Endowments	1 year	4 year	10 year
University of Saskatchewan	22.9%	10.0%	6.8%
Median (endowments > $100 million)	16.1%	8.5%	6.3%
Variance to median	**6.8%**	**1.5%**	**0.5%**

Pensions	1 year	4 year	10 year
University of Saskatchewan	17.7%	8.5%	6.2%
Median (pensions > $500 million)	15.9%	8.8%	6.9%
Variance to median	**1.8%**	**(0.3%)**	**(0.7%)**

Not reflected in the above chart is the fact that Saskatchewan pays lower management fees than its peer universities in most cases.

Metric 4 / Financial Performance / Liquidity

In addition to measuring debt capacity under the limits stated in the university's Capital Debt and Internal Loan policies, a key financial metric to consider is the level of liquidity available to sustain operations. Liquidity ratios are one tool that can be used to determine ability to pay off debt obligations.

The capacity to grant internal loans and the level of capital deficits impacts the amount of investment income generated for the annual Operating Budget and the university's liquidity requirements for working capital and ability to pay off debt obligations. The Moody's Rating Methodology provides information on the financial resources that are immediately available, to provide financial flexibility or liquidity in periods of extreme financial stress. A lower score (and higher ratio) indicates higher liquidity.

Moody's Rating Methodology – public universities outside the United States

Score	1	3	5	7	9
Net cash and investments ÷ Net direct debt	**>1.5**	**1.2 - 1.5**	**0.9 - 1.2**	**0.6 - 0.9**	**<0.6**

At April 30, 2014, the university's liquidity position was in a category 3 ranking.

Net cash and investments in the General Fund	($364.0 million)	= ratio of 1.36
Net direct debt (external loans, internal loans and guarantees)	($267.7 million)	

The metric when based on the above factors would result in a liquidity ratio of 1.36 and the university would obtain a moderate score of "3" using the Moody's methodology. This represents an improvement over the prior year, whereby the liquidity ratio was 1.06, with placement in category 5.

Financial Flexibility

This section provides information about and measurements of the sufficiency of our resources and our ability to support priorities.

The university's fund balances, or "net worth", have increased by $159.1 million from the prior year to $2,165.8 million, with increases in the Operating Fund of $48.8 million, in the Capital Fund of $21.6 million, the Research Fund of $29.8 million and in the Endowment Fund of $50.2 million. As the university follows the restricted method for revenue recognition, most research revenue is recognized in advance as contracts are signed or as grants are awarded.

A significant portion of the research fund balance relates to CFI funding, which will be accessed over the next few years as project expenditures are incurred.

The following table provides an overview of the revenues, expenses and fund balances (net assets) for the year by major fund category.

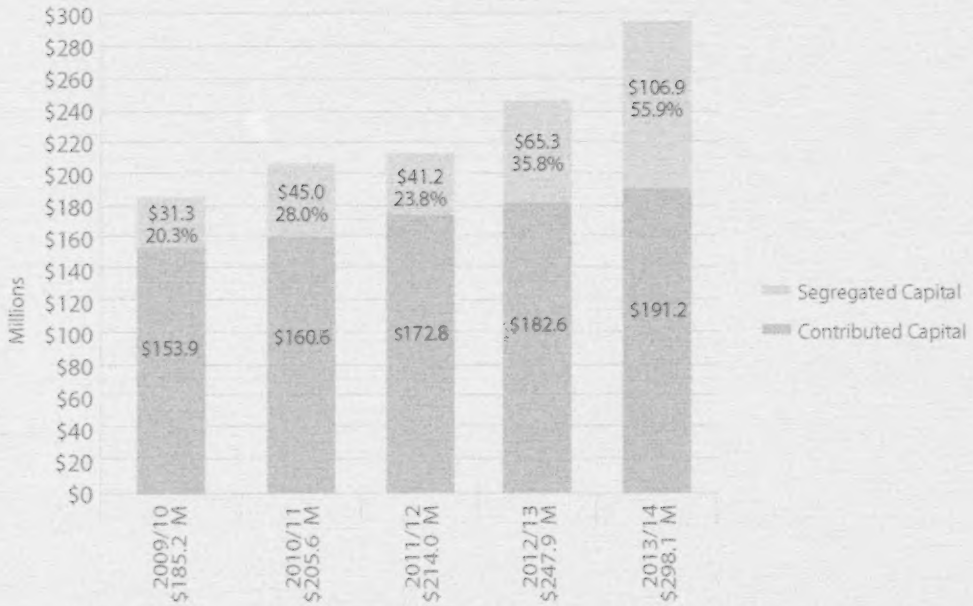
Consolidated Statement of Operations and Changes in Fund Balance (millions) for the year ended	Revenue	Expenditures	Interfund Transfer	Net increase	Fund Balance April 2013	Fund Balance April 2014
Fund						
General						
Operating	$674.6	$609.6	$(16.2)	$48.8	$246.4	**$295.2**
Ancillary	54.2	39.2	(11.8)	3.2	(29.8)	**(26.6)**
Restricted						
Capital	36.2	71.7	57.1	21.6	1,250.4	**1,272.0**
Research	195.6	116.7	(49.1)	29.8	250.4	**280.2**
Student Financial Aid	13.5	22.2	14.2	5.5	41.4	**46.9**
Endowment	44.5	0.1	5.8	50.2	247.9	**298.1**
	$1,018.6	**$859.5**	**$ –**	**$159.1**	**$2,006.7**	**$2,165.8**

Within the Operating Fund, the Operating Budget and Reserve component has increased by $29.1 million. This includes the Operating Reserve increase (discussed above) of $10.1 million and includes an increase to college and administrative unit funds of $18.1 million. These increases are offset in part by a decrease in the transition funds, whereby one-time funds have been used to support Operating Budget measures including the faculty incentive plan for retirement program. The deficit shown for Ancillary funds reflects the outstanding loans for new residences, where the corresponding asset is carried in the Capital fund. The Capital fund increase reflects the major building program. The increase to Endowment funds is primarily the result of enhanced investment earnings.

Metric 1 / Financial Flexibility / Endowment Fund Balance Position

Endowment funds are those for which the donor has requested the fund principal be maintained in perpetuity, with investment earnings used to support annual expenditures. Thus, endowment funds contain a mix of donations (contributed capital) and accumulated investment earnings (segregated capital). The following chart highlights the endowment fund balances over the past five years.

Endowment Fund Balance
(2009/10 - 2013/14)



Overall contributed capital increased by $8.6 million to $191.2 million as a result of donations. The segregated capital position increased from the prior year by $41.6 million, primarily because of investment returns which exceeded annual expectations, and is a healthy 55.9% of contributed capital. Of 844 endowed funds where spending has commenced or will commence during 2014/15, all have a positive segregated capital.

With a spending allocation of 4%, the endowments will support spending of $11 million for 2014/15, with about 40% of that amount for student support.

Another measure of endowment sufficiency is comparison to the U15 group of leading research intensive universities in Canada. The University Investment Survey report as at December 31, 2013 (May 2014) issued by the Canadian Association of University Business Officers (CAUBO) provides a comparison of endowments per reported full-time equivalent (FTE) student by institution.

Market Value of Endowments per FTE Student
CAUBO December 2013

	Endowment Funds at December 2013 (000)	Fall 2013 headcount estimates AUCC	Endowment per FTE
Average (U15)	$661,501	33,539	$19,772
University of Saskatchewan	**$276,538**	**18,933**	**$14,606**
University of Regina	$34,690	10,644	$3,259

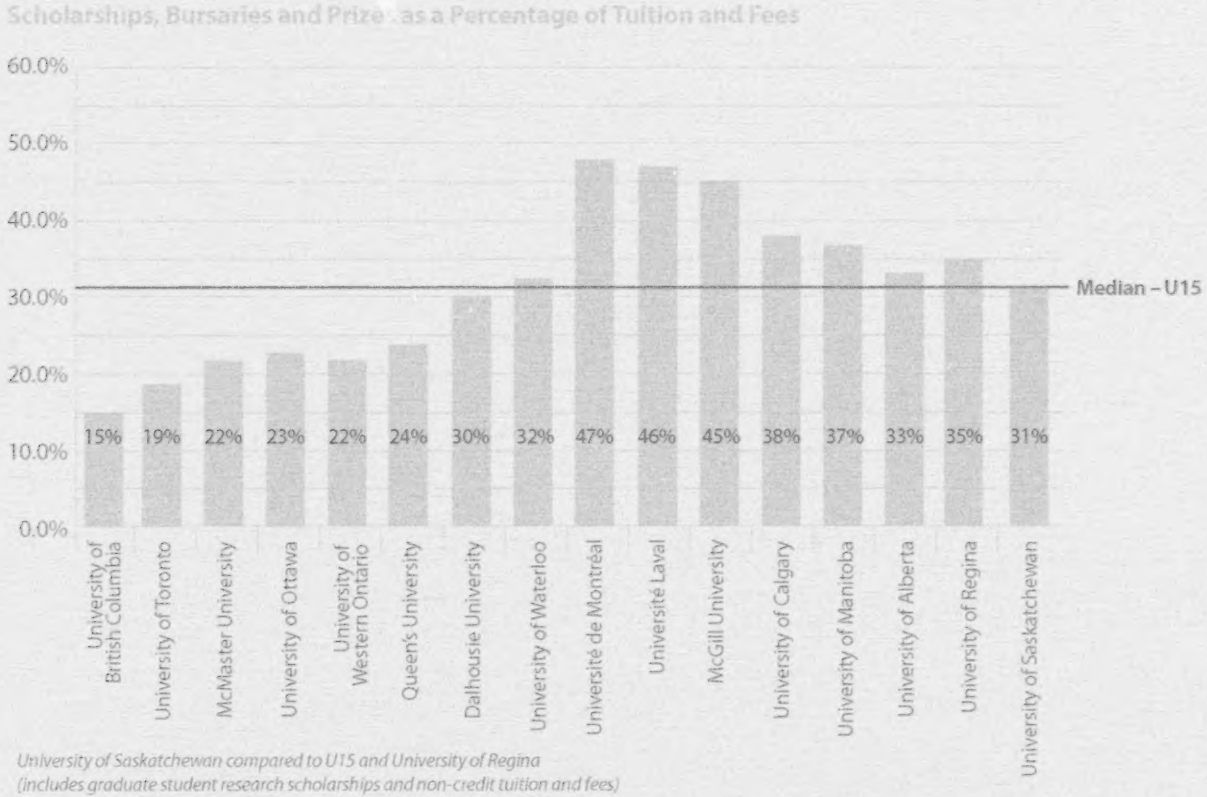
Metric 2 / Financial Flexibility / Academic Priorities Fund Balance and Percentage of Operating Budget

The University of Saskatchewan's Academic Priorities Fund (APF) integrates financial and institutional planning to provide additional support to areas of highest institutional priority. For 2013/14, it contains $3.2 million in permanent funding, which is about 1% of the university's Operating Budget of $470 million. As at April 30, 2014 the APF fund balance was $18.5 million, which represents one-time funds accumulated from previous years. Of this amount, $9.9 million has not been committed. The APF has been used to support initiatives related to research intensiveness, strengthening links between research and teaching and enhancing the teaching and learning experience.

Metric 3 / Financial Flexibility / Scholarships and Bursaries

Scholarship and bursary spending increased from the prior year by $1.6 million, to $39.1 million, with $12.2 million for undergraduate support and $26.9 million for graduate support. Over the five-year period since 2009/10, scholarship support has grown by 37%, from $28.6 million to $39.1 million in 2013/14. Of the $39.1 million, the Operating Budget supports $9.6 million.

The following graph provides an overview of the level of scholarship/bursary support compared to tuition revenue for the group of Canadian research universities (U15) and the University of Regina. The University of Saskatchewan is at the median level of about 32%.



University of Saskatchewan compared to U15 and University of Regina
(includes graduate student research scholarships and non-credit tuition and fees)
Data provided by CAUBO Financial Reports - 2012/13

Financial Sustainability

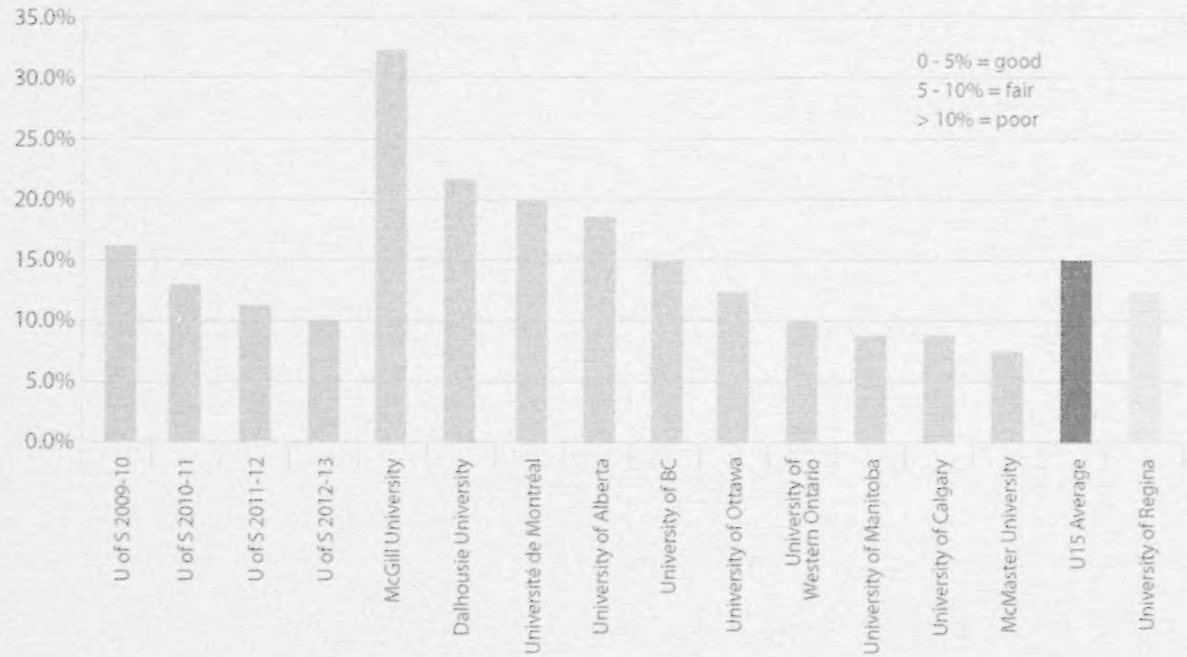
This section provides information about and measurements of our long-term financial health. These include non-financial statement measures: deferred maintenance backlog; debt and comparison to debt capacity; and comparative "best estimates" position of defined benefit pension plans.

Metric 1 / Financial Sustainability / Deferred Maintenance Backlog

The U of S main campus on College Drive in Saskatoon occupies 744 hectares and includes 164 buildings. Replacement cost of the campus infrastructure was estimated at $5.3 billion at April 30, 2014.

The Facilities Condition Index (FCI) measures the estimated deferred maintenance backlog as a percentage of total replacement value. The following graph shows a continuing trend of improved FCI at the U of S:

Facilities Condition Index (FCI) 2012/13
(Cost of deferred maintenance backlog as a percentage of capital replacement value cost)



Source: APPA Facilities Performance Indicators Report 2011-2012.
The desired comparative group is the U15 plus Regina, Laval, Toronto, Queen's and Waterloo did not report sufficient data for this indicator.

The FCI has continued to improve from previous years and is moving closer to the desired range of less than 10%. Information from other universities has not been updated for the current year. The university's RenewUS program was developed to comprehensively address deferred maintenance, and planning is well underway in identifying necessary actions and required resources to reach program goals.

Capital expansion – enhancing and expanding our facilities – has been an area of focus in recent years. The U of S has benefited greatly from the financial support of numerous partners, including the province, the federal government and donors. Obtaining sufficient funding to maintain the core campus and accommodate infrastructure renewal will continue to be a major focus for the university.

Metric 2 / Financial Sustainability / Major Capital Project Expenditures

The following chart illustrates a reduction in capital expansion activities from the unprecedented levels of recent years. On a larger term basis, the expenditure level is still high, with $43 million in expenditures for 35 major projects in 2013/14. The level of major capital expenditures is a continuing reflection of progress on a number of large capital expansion projects, such as Health Sciences and Student Residences which are substantially complete and several others being closed out in 2013/14.

Major Capital Expenditures and Number of Projects

Note: The above graph includes all major university projects including construction, infrastructure, information technology and Canadian Light Source Inc. (CLSI) projects. Projected expenditures and number of projects are based on only those that are currently approved and/or in development. These projections will increase based on capital requirements, funding availability and new opportunities.

Major project expenditures include $15.5 million on the Health Sciences project, $8.0 million on the Saskatchewan Centre for Innovations in Cyclotron Science, $4.5 million on the Gordon Oakes-Red Bear Student Centre and $4.1 million on the RenewUS Critical Infrastructure projects.

In 2012, 480 new residence beds were available to students. Construction has also been completed on graduate housing (262 beds) in 2013. Graduate House opened to students in September 2013, and operated at 55% occupancy from September to April. With the completion of the undergraduate and graduate student residence facilities, built at a total capital cost of $110 million, residence beds have increased by 1,100 and the number of U of S students who can live in residence has doubled from 6% to 12% (compared to our goal of 15%).

Eventually these residences will become part of the mixed-use village envisioned for the College Quarter. Residences will exist among sports facilities, restaurants and green spaces, enhancing student life and contributing to a richer student experience.

Metric 3 / Financial Sustainability / Debt Outstanding and Comparison to Debt Capacity Limit

The university's capital debt policy was developed in consideration of industry standards, comparator universities, fiscal prudence and the Saskatchewan context. The policy recognizes that the university will incur debt for projects that will produce incremental revenues or cost savings and that have a feasible repayment plan. However, the debt policy places limits on total university borrowing with reference to industry standards used by rating agencies. Current university debt of $188.0 million is at the upper limits of the debt capacity range and far exceeds debt compared to peer universities. This restricts the university's ability to respond to opportunities and unexpected changes impacting finances.

Measure	U of S Policy Metric	April 2013	April 2014	U15 Average (2013/14)*
Capital debt per policy ($ millions)		$198.7	$188.0	$246.74
Debt Affordability Total capital debt as % of total revenue	< 20%	21%	19%	n/a
Total Capital Debt as % of revenue available for repayment	< 33%	28%	26%	n/a
Debt Service Coverage Ratio of principal and interest as % of general revenue	< 3%	2.4%	2.3%	n/a
Resource Allocation Total debt per full-time equivalent (FTE) student	≤ 12,000/ FTE	11,129	10,413	7,278

**Excludes Université Laval and Université de Montréal due to data discovery issues. Excludes U of S.*

Capital debt obligations have decreased by just over $10.0 million from the previous year as a result of principal repayments during the year. In addition to external debt of $188.0 million, a further $56.8 million is supported by internal capital borrowing. This debt burden presents risk to the Operating Budget because of the need to support estimated annual principal and interest payments for 2014/15 of $15.3 million on outstanding capital debt obligations on provincially sponsored debt, plus a further $6.5 million residence and other loans supported by ancillary operations.

Metric 4 / Financial Sustainability / Pension Plan Comparative "Best Estimate" Position

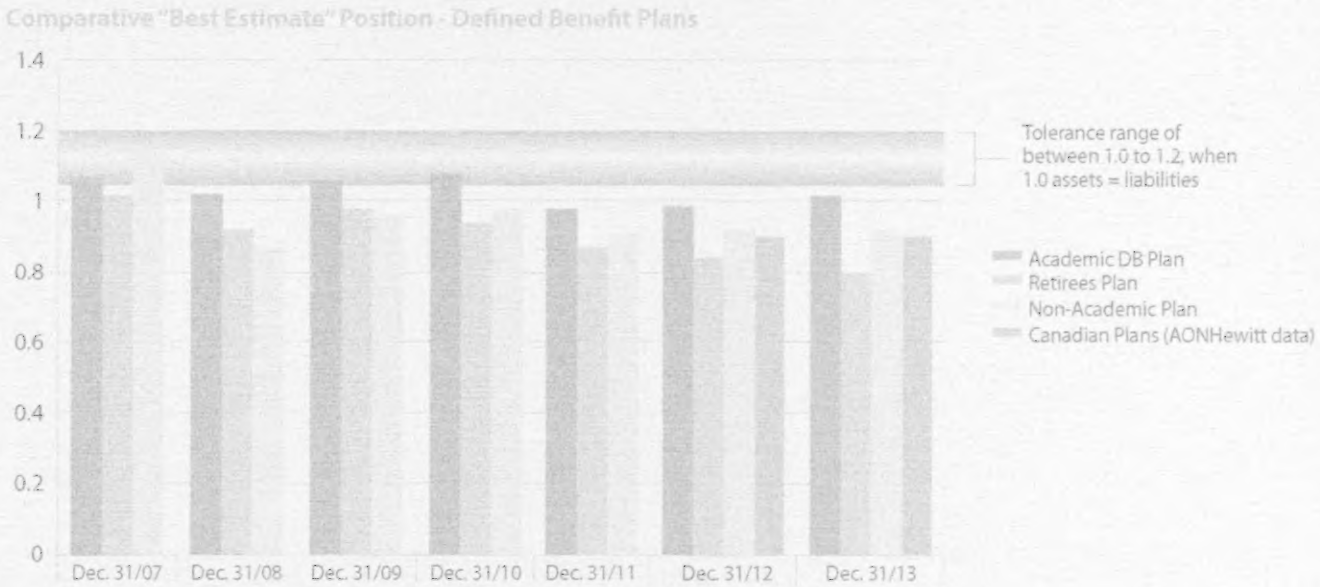
In response to the investment market crash of 2008/09, the university undertook a scenario analysis that demonstrated the largest and most immediate risk for the university was the potential annual payment obligation related to its three defined benefit pension plans. In addition, the university has two defined contribution plans, whereby the employer contributions are limited to the agreed contribution rates. For 2013, there were 6,215 employees and retirees participating in all five pension plans with total investment assets of just over $1.0 billion.

With the board's direction and through the work of a number of university departments, much has been accomplished to alleviate the pension plan payment risk. Measures undertaken include:

- developing and approving funding policies for all plans
- negotiating employer and employee contribution increases
- reviewing and revising investment mix

In spite of these measures, and very favourable investment returns for the past year, going-concern and solvency deficits persist for all three defined benefit pension plans. "Going-concern" and "solvency" are two valuation methods used to determine an employer's funding obligation. As a result of regulations approved by the Saskatchewan legislature in June 2013, the university along with many other public sector employers is exempt from solvency payment requirements.

Thus, focusing on the going-concern deficit, a funding challenge still remains with a deficit for all three plans of $11.2 million. From an employer's perspective, for funding purposes as prescribed by regulation, future service and adequate margin are also taken into account, which results in a total deficit for funding purposes of $50.5 million.



The going-concern position for funding purposes (including a 5% margin above "best estimates") has remained almost constant with a combined deficit for the three defined benefit plans of $50.5 million at December 31, 2013 ($54.2 million deficit in the prior year). Higher than expected investment returns were almost offset by liability growth associated with adoption of Canadian mortality tables. Funding policies for each plan establish an acceptable surplus range of 105% to 120% of "best-estimates" liabilities. As highlighted in the graph above, at December 31, 2013, all three plans were outside of that range and only the Academic Defined Benefit Plan was above 100%.

In accordance with the recently approved pension payment regulations, annual payments based on the "enhanced going-concern" option can be amortized over a 9-year period and, with interest, annual payments of $6.9 million (effective January 1, 2014) are required.

Looking Ahead

Through the efforts of many creative and dedicated faculty and staff across the university, significant progress has been made in closing the projected gap between our revenue and expenses.

Progress to date affords us time to slow down and assess, but it does not mean that financial sustainability measures will stop. As a publicly funded organization, we must be ever vigilant to ensure that we spend within our means and employ resources entrusted to us to full advantage. Based on the Operating Budget for 2014/15 (approved by the board in May 2014), with expenditures of $497 million, an operating deficit of $3.1 million is projected. This budget deficit of $3.1 million will be addressed during the year by continuing to prudently manage spending and implementing additional measures during the year.

As we look forward and develop the Operations Forecast for 2015/16 (the Operating Budget funding request of the Ministry of Advanced Education), we are modeling a 2% grant increase. Given the relative funding advantage we have enjoyed in provincial support and the funding constraints faced by the province, in our view 2% is a realistic request. It will however, require a continued emphasis on financial sustainability for the long term, and ensuring that our expenditures are aligned with revenues, with an expectation that through these efforts the cost of operations in the future will escalate only at the rate of inflation.

For the coming year, we continue to pursue revenue generation opportunities and we will build on foundational work completed in the Maximizing Value of University Spend project. Other initiatives focused on improving services to enable teaching and research to flourish. Of keen interest is the shared services project designed to improve administrative services provided to faculty, researchers and students. The university also continues with the College of Medicine restructuring under the leadership of a new Dean, most critically to assure accreditation and with a major long-term focus on increasing research outcomes.

Consolidated Financial Statements
2013/14

Statement of Administrative Responsibility for Financial Reporting

The administration of the university is responsible for the preparation of the consolidated financial statements and has prepared them in accordance with Canadian generally accepted accounting principles. The administration believes that the consolidated financial statements fairly present the financial position of the university as of April 30, 2014 and the results of its operations and the changes in its fund balances for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal controls designed to provide reasonable assurance that university assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements. The integrity of the internal controls is reviewed on an ongoing basis by the Audit Services Division.

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit Committee, which is a committee of the Board of Governors. The external and internal auditors have access to the Audit Committee, with or without the presence of the administration.

The consolidated financial statements for the year ended April 30, 2014 have been reported on by the Provincial Auditor of the Province of Saskatchewan, the external auditor appointed under *The University of Saskatchewan Act, 1995*. The Auditor's Report outlines the scope of her examination and provides her opinion on fairness of presentation of the information in the financial statements.

Gordon Barnhart
Interim President

Greg Fowler
Vice-President (Finance and Resources)

PROVINCIAL AUDITOR
of Saskatchewan

Independent Auditor's Report

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying consolidated financial statements of University of Saskatchewan, which comprise the consolidated statement of financial position as at April 30, 2014, and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University of Saskatchewan as at April 30, 2014, and the consolidated results of its operations and changes in fund balances and consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Judy Ferguson

Regina, Saskatchewan
July 29, 2014

Judy Ferguson, FCA
Acting Provincial Auditor

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} www.auditor.sk.ca

UNIVERSITY OF SASKATCHEWAN

Statement 1

Consolidated Statement of Financial Position
As at April 30 ($ thousands)

	General	Restricted	Endowment	Total 2014	Total 2013
Current Assets					
Cash and short-term investments (Note 4)	$ (65,043)	$ 133,843	$ 5,118	$ 73,918	$ 33,496
Accounts receivable (Note 5)	25,356	145,740	-	171,096	194,889
Inventories (Note 6)	13,292	-	-	13,292	13,535
Prepaid expenses	7,669	99	-	7,768	7,048
	(18,726)	279,682	5,118	266,074	248,968
Long-Term Assets					
Long-term accounts receivable (Note 7)	72	44,767	-	44,839	18,236
Long-term investments (Note 8)	429,386	52,166	292,252	773,804	685,531
Other assets	771	1,758	700	3,229	3,183
Capital assets (Note 9)	-	1,420,948	-	1,420,948	1,413,240
Employee future benefits (Note 15)	3,458	-	-	3,458	2,401
	433,687	1,519,639	292,952	2,246,278	2,122,591
	$ 414,961	**$ 1,799,321**	**$ 298,070**	**$ 2,512,352**	**$ 2,371,559**
Current Liabilities					
Accounts payable and accrued liabilities (Note 10)	$ 81,230	$ 11,612	$ -	$ 92,842	$ 87,404
Deferred revenue (Note 11)	29,673	14	-	29,687	28,048
Loans (Note 12)	-	109,552	-	109,552	113,740
Risk management liabilities (Note 13)	3,589	16,507	-	20,096	31,565
Current portion - long-term debt (Note 14)	21	6,192	-	6,213	6,200
Current portion - employee future benefits (Note 15)	1,009	-	-	1,009	770
Current portion - capital lease obligation (Note 16)	66	-	-	66	73
	115,588	143,877	-	259,465	267,800
Long-Term Liabilities					
Long-term debt (Note 14)	46	47,141	-	47,187	53,400
Employee future benefits (Note 15)	29,600	-	-	29,600	34,664
Capital lease obligation (Note 16)	48	-	-	48	112
Accrued decommissioning costs (Note 17)	-	9,171	-	9,171	7,681
Other long-term liabilities	1,051	-	-	1,051	1,215
	30,745	56,312	-	87,057	97,072
Fund Balances					
Externally restricted funds (Note 19)	-	327,762	126,299	454,061	388,570
Externally restricted permanent endowments (Note 19)	-	-	127,836	127,836	121,995
Internally restricted funds (Note 20)	278,557	38,984	43,935	361,476	315,200
Invested in capital assets	-	1,232,386	-	1,232,386	1,205,792
Unrestricted funds	(9,929)	-	-	(9,929)	(24,870)
	268,628	1,599,132	298,070	2,165,830	2,006,687
	$ 414,961	**$ 1,799,321**	**$ 298,070**	**$ 2,512,352**	**$ 2,371,559**

Commitments and Contingencies (Note 21)
See accompanying notes and schedules to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

Statement 2

Consolidated Statement of Operations and Changes in Fund Balances
For the Year Ended April 30, 2014 ($ thousands)

	General	Restricted	Endowment	Total 2014	Total 2013
Revenues					
Grants and contracts					
Government of Canada	$ 5,025	$ 64,276	$ -	$ 69,301	$ 78,742
Government of Saskatchewan	408,433	92,455	-	500,888	447,878
Other governments	20,436	1,434	-	21,870	23,502
Non-government	7,838	55,455	-	63,293	49,523
Student fees	127,411	-	-	127,411	120,614
Gifts, grants and bequests	6,047	15,180	8,061	29,288	35,768
Sales of services and products	98,569	26	-	98,595	99,367
Income from investments	30,826	16,088	36,369	83,283	54,662
Real estate income	5,229	157	-	5,386	4,858
Royalties	13,304	16	-	13,320	12,761
Miscellaneous income	5,704	243	-	5,947	7,797
	728,822	245,330	44,430	1,018,582	935,472
Expenses					
Salaries (Note 22)	416,351	62,932	-	479,283	457,589
Employee benefits (Note 23)	49,720	5,782	-	55,502	57,914
Operational supplies and expenses	108,278	28,435	62	136,775	131,490
Travel	12,731	6,537	-	19,268	18,119
Cost of goods sold	17,967	7	-	17,974	17,967
Maintenance, rental and renovations	16,332	1,649	-	17,981	14,989
Utilities	24,956	31	-	24,987	23,215
Amortization	-	73,081	-	73,081	65,399
Scholarships, bursaries and awards	3,505	35,600	-	39,105	37,551
Interest (Note 24)	(1,446)	(3,938)	-	(5,384)	9,210
Bad debt expense	361	7	-	368	455
Decommissioning costs (Note 17)	-	499	-	499	490
	648,755	210,622	62	859,439	834,388
Excess of revenues over expenses	80,067	34,708	44,368	159,143	101,084
Interfund transfers (Note 28)	(28,014)	22,245	5,769	-	-
Net increase in fund balances for year	52,053	56,953	50,137	159,143	101,084
Fund balances, beginning of year	216,575	1,542,179	247,933	2,006,687	1,905,603
Fund balances, end of year	$ 268,628	$ 1,599,132	$ 298,070	$ 2,165,830	$ 2,006,687

See accompanying notes and schedules to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

Statement 3

Consolidated Statement of Cash Flows
For the Year Ended April 30, 2014 ($ thousands)

	General	Restricted	Endowment	Total 2014	Total 2013
Cash flows from operating activities					
Cash received from Government of Canada	$ 1,301	$ 69,659	$ -	$ 70,960	$ 90,051
Cash received from Government of Saskatchewan	411,941	77,874	-	489,815	425,069
Cash received from other governments	25,776	2,230	-	28,006	18,584
Cash received from non-government	10,761	49,459	-	60,220	52,535
Cash received from student fees	127,191	-	-	127,191	121,555
Cash received from gifts, grants and bequests	4,707	12,488	-	17,195	20,424
Cash received from sales of services and products	99,071	26	-	99,097	99,771
Cash received from royalties and licensing	15,445	16	-	15,461	10,265
Cash received from miscellaneous income	5,705	244	-	5,949	7,484
Cash paid for salaries and benefits	(457,652)	(69,628)	-	(527,280)	(516,214)
Cash paid for non-salary expenditures	(187,541)	(77,689)	(62)	(265,292)	(239,807)
Cash generated from operating activities	56,705	64,679	(62)	121,322	89,717
Cash flow from financing and investment activities					
Cash received from income from investments	15,275	3,832	14,936	34,043	19,709
Distribution of income from investments	2,039	7,079	(9,118)	-	-
Contributions of cash for endowments	-	-	3,571	3,571	7,765
Cash received from real estate income	6,154	157	-	6,311	4,957
Cash received from debt financing	-	-	-	-	153,046
Debt financing repayments	(93)	(10,368)	-	(10,461)	(62,155)
Purchase of capital assets	-	(84,924)	-	(84,924)	(137,198)
Purchase of investments	(11,117)	(2,643)	(15,680)	(29,440)	(46,625)
Cash generated from (used for) financing and investment activities	12,258	(86,867)	(6,291)	(80,900)	(60,501)
Net increase (decrease) in cash	68,963	(22,188)	(6,353)	40,422	29,216
Interfund transfers	(28,014)	22,245	5,769	-	-
Cash (bank indebtedness), beginning of year	(105,992)	133,786	5,702	33,496	4,280
Cash (bank indebtedness), end of year	**$ (65,043)**	**$ 133,843**	**$ 5,118**	**$ 73,918**	**$ 33,496**

See accompanying notes and schedules to consolidated financial statements

For the Year Ended April 30, 2014
(THOUSANDS OF DOLLARS)

1. Authority and Purpose

"The University of Saskatchewan" (university) is a corporation operating under the authority of *The University of Saskatchewan Act, 1995*, Chapter U-6.1 of the statutes of Saskatchewan. The primary role of the university is to provide post-secondary instruction and research in the humanities, sciences, social sciences, and other areas of human, intellectual, cultural, social and physical development. The university is a registered charity and is therefore exempt from the payment of income tax, pursuant in section 149 of the *Income Tax Act (Canada)*.

2. Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The following accounting policies and reporting practices are considered significant:

a) Basis of consolidation

The consolidated financial statements include the accounts of the following entities:

- Agrivita Canada Inc., a not-for-profit corporation incorporated under the *Canada Corporations Act* and continued under the *Canada Not-for-profit Corporations Act* whose sole member is the University of Saskatchewan. The company promotes, targets, and funds research, training, and service initiatives in various disciplines for purposes related to agricultural health and safety for industry and farm workers, rural residents and families, and the impact of agricultural activities on the general public.

- Canadian Light Source Inc. (CLSI), a not-for-profit corporation incorporated under *The Non-profit Corporations Act, 1995* whose sole member is the University of Saskatchewan. The company's mandate is to advance Canadian scientific and industrial capabilities in synchrotron science and technical applications. The company is responsible for the operation and conduct of all activities related to the university's synchrotron light facility, its operation and performance.

- Prairie Swine Centre Inc., a not-for-profit corporation incorporated under *The Non-profit Corporations Act, 1995* whose membership is restricted to the members of the Board of Governors of the University of Saskatchewan. The company is engaged in research, education and technology transfer related to pork production in Canada.

- 621602 Saskatchewan Ltd., a wholly owned subsidiary of the university incorporated under *The Business Corporations Act,* participates in real estate investment activities.

- University of Saskatchewan Crown Foundation, a not-for-profit entity incorporated under *The Crown Foundation Act*. The Foundation was created for the purpose of receiving gifts of real and personal property and to provide transfers of property to the University of Saskatchewan. On July 31, 2013 *The Crown Foundation Act* was repealed, effectively winding up the University of Saskatchewan Crown Foundation.

- 7541457 Canada Inc., a wholly owned subsidiary of the university incorporated under the *Canada Corporations Act* for the commercialization of technology developed by researchers in the University of Saskatchewan Toxicology Centre.

- The Journal of History Company Ltd., a wholly owned subsidiary of the university incorporated under *The Business Corporations Act,* prints and publishes The Canadian Journal of History.

- The Sylvia Fedoruk Canadian Centre for Nuclear Innovation (SFCCNI), a not-for-profit corporation incorporated under the *Canada Not-for-profit Corporations Act* whose sole member is the University of Saskatchewan. The mandate of the company is to place Saskatchewan among global leaders in nuclear research, development and training through investment in partnerships with academia and industry, for maximum societal and economic benefit.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

b) Fund accounting

The university follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The university has classified accounts with similar characteristics into major funds as follows:

i) The General Fund is unrestricted and accounts for the university's program delivery, service and administrative activities. This fund is further classified as Operating and Ancillary.

The Operating Fund accounts for the university's functions of instruction (including academic support services), administrative services, plant maintenance and other operating activities.

The Ancillary Fund provides goods and services to the university community which is supplementary to the functions of instruction, research and service and is expected to operate on at least a break-even basis.

ii) The Restricted Fund carries restrictions on the use of resources for particular defined purposes. This fund is further classified as Capital, Research and Student Financial Aid.

The Capital Fund accounts for the acquisition of capital assets, major renovations and improvements to capital assets.

The Research Fund accounts for activities in support of research.

The Student Financial Aid accounts for activities in support of students.

iii) The Endowment Fund accounts for resources received with the stipulation that the original contribution not be spent. The fund also consists of a portion of the investment income earned on these funds that is required by donors and the Board of Governors to be added to the fund to offset the eroding effect of inflation. The amount recapitalized each year will vary from year to year with variability in annual investment returns, but over time it is intended that the recapitalized amount will offset the cumulative effect of inflation.

c) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted grants subject to an external annual appropriation process will be recognized in accordance with the funder's appropriation period.

Contracts are recorded as revenue as the service or contract activity is performed, provided that at the time of performance ultimate collection is reasonably assured. If payment is not received at the time the service or contract activity is performed, accounts receivable will be recorded.

Student fees are recognized as revenue in the year courses and seminars are held. Sales of services and products are recognized at time of sale or when the service has been provided.

Unrestricted contributions are recorded as revenue in the period received or receivable, if collection is reasonably assured. Gifts-in-kind are recorded at their fair value on the date of receipt or at nominal value when fair value cannot be reasonably determined. Pledges from fund raising and other donations are not recorded until the year of receipt of cash or other assets due to the uncertainty surrounding collection.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund.

Investment returns are recorded as revenue when reasonable assurance exists regarding measurement and collectability. Unrestricted investment income is recognized as revenue of the General Fund. Investment income earned on Endowment Fund resources is recorded in the appropriate Fund according to the restrictions mandated.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

c) Revenue recognition (continued)

Real estate, royalty and miscellaneous income, as follows, are recorded when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured:

- Unrestricted income is recorded in the General Fund.
- Restricted income is recognized as revenue of the appropriate restricted fund.

d) Contributed services and materials

These financial statements do not report the value of contributed volunteer hours as the fair value of such is not practically determinable. Gifts-in-kind are recorded where a formal valuation is available.

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Examples of significant estimates include: the allowance for doubtful accounts, the estimated useful lives of assets, the accruals for salaries and benefits, and certain actuarial and economic assumptions used in determining defined benefit pension costs, accrued pension benefits obligations, plan assets, real estate values, decommissioning costs and provision for claims payable.

f) Capital assets

Purchased and constructed capital assets are recorded at cost. Capital assets which are constructed by the university are recorded as Construction in Progress until the capital asset is put into use. The university reports donated capital assets at fair market value upon receipt. With the exception of library collections, collections are not capitalized or amortized. All additions to collections are expensed in the year acquired. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Amortization expense is reported in the Capital Fund. Capital assets, other than land, are amortized using the straight-line method over their estimated useful lives as shown below. Amortization is not provided on projects in progress until the assets are in use. Asset retirement obligations and associated asset retirement costs are discussed in i) Decommissioning obligation, below.

Buildings	40 years
CLSI facility retirement costs	30 years
Site improvements	20 years
Computers	3 years
Equipment and furnishings	3 to 10 years
Library materials	10 years

g) Inventories

Inventories are valued at the lower of cost and net realizable value, which is determined by the average cost method, with the exception of livestock, poultry and other farm products which are stated at the market value. Market is defined as market quotations for livestock and replacement cost for other farm products.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

h) Employee future benefits

When future salary levels or cost escalation affect the amount of the benefit, the cost of defined benefit pensions earned by employees is actuarially determined using the projected benefit method prorated on services and management's best estimate of expected investment performance, salary escalation and retirement ages of employees. The accumulated benefit method is used when future salary levels and cost escalation do not affect the amount of the employee future benefits. The university accrues this obligation using the immediate recognition approach, based on an actuarial valuation report prepared for funding purposes. The net amount of the accrued benefit obligation and the fair value of plan assets is recognized in the statement of financial position, with actuarial gains and losses included in the cost of the plan in the year they arise.

The university accrues its obligations for non-pension employee future benefits for eligible employees using the immediate recognition method – see Note 15. These benefits include long-term disability payments, post-retirement life insurance or spending accounts, retirement recognition benefit and benefit continuation for disabled employees.

The cost of non-pension post-retirement and post-employment benefits relating to long-term disability and other employee future benefits is actuarially determined using the projected benefit method prorated on service and management's best estimates for the discount rate for liabilities, the expected rate of return on assets, retirement ages and expected future cost trends. The net amount of the accrued benefit obligation and the fair value of plan assets is recognized in the balance sheet, with actuarial gains and losses included in the cost of the plan in the year they arise.

i) Decommissioning obligation

CLSI recognizes obligations for future decommissioning site restoration costs in the period during which they occur. The associated facility retirement costs are capitalized as a part of the carrying amount of the asset and amortized over its useful life. The liability and related asset are adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

j) Financial instruments

The university's financial instruments are measured as follows:

Assets/Liabilities	Measurement
Cash	Fair value
Accounts receivable	Amortized cost
Investments, short-term and long-term	Fair value
Accounts payable and accrued liabilities	Amortized cost
Employee benefit liabilities	Amortized cost
Loans	Amortized cost
Natural gas and interest rate swaps	Fair value
Long-term debt, including current portion	Amortized cost

k) Derivative financial instruments

The university uses derivative financial instruments, principally interest rate swap agreements on specific loans and natural gas commodity swap agreements, in its management of exposure to fluctuations in interest rates and natural gas rates. Derivative financial instruments are adjusted to fair value on a monthly basis with the change in fair value recorded in the statement of operations. See Note 13 below.

3. Disclosure of Other Significant Relationships

Prairie Diagnostic Services is a not-for-profit corporation incorporated under *The Non-profit Corporations Act, 1995* owned by the Government of Saskatchewan and the University of Saskatchewan. The laboratory operating in Saskatoon provides veterinary diagnostic services and animal health care and supports the training of undergraduate and graduate veterinarians at the Western College of Veterinary Medicine.

The Saskatchewan Food Industry Development Centre Inc. is a not-for-profit organization incorporated under *The Non-profit Corporations Act, 1995* owned by the Government of Saskatchewan, the Saskatchewan Food Processors Association and the University of Saskatchewan. It is a federally inspected food manufacturing facility that aids in the development of value-added processing in Saskatchewan.

The University of Saskatchewan is the host institution for PREVENT (Pan-Provincial Vaccine Enterprise Inc.), a not-for-profit organization incorporated under *The Non-profit Corporations Act, 1995* formed to promote the commercialization of Canada's vaccine industry. PREVENT's founding institutions are the University of Saskatchewan, the B.C. Centre for Disease Control (BCCDC) and the Canadian Centre for Vaccinology. Current members are the University of Saskatchewan, the University of British Columbia and Dalhousie University.

All transactions with the above organizations are accounted for at cost in university's financial statements.

4. Cash and short-term investments

	April 30	
	2014	2013
Cash	$ 72,936	$ 33,067
Short-term investments	982	429
	$ 73,918	**$ 33,496**

5. Accounts Receivable

Accounts Receivable are comprised of the following:

	April 30	
	2014	2013
General	$ 14,109	$ 24,124
Investment income	1,072	2,843
Grants and contracts related to general funds	2,536	3,140
Grants and contracts related to student financial aid	2,106	2,085
Grants and contracts related to research	108,691	123,612
Grants and contracts related to capital	31,940	29,011
Other restricted	2,886	3,148
Other unrestricted	4,305	4,368
Student fees	5,316	4,546
Student loans	106	95
Allowance for doubtful accounts	(1,971)	(2,083)
	$ 171,096	**$ 194,889**

6. Inventory

	April 30 2014			April 30 2013
	Beginning of Year	Net Change	End of Year	End of Year
College of Agriculture and Bioresources	$ 2,135	$ (342)	$ 1,793	$ 2,135
College of Dentistry	232	(1)	231	232
Western College of Veterinary Medicine	671	137	808	671
Other Units				
Consumer Services	4,202	84	4,286	4,202
Facilities Management Division	2,098	(395)	1,703	2,098
Vaccine and Infectious Disease Organization (VIDO)	107	68	175	107
Other	442	(3)	439	442
Subsidiaries				
CLSI	3,215	265	3,480	3,215
Prairie Swine Centre Inc.	433	(56)	377	433
	$ 13,535	$ (243)	$ 13,292	$ 13,535

7. Long-term Accounts Receivable

Long-term accounts receivable reflect the fair value of non-government grants receivable in subsequent years, as follows:

	April 30	
	2014	2013
2015	$ -	$ 11,604
2016	20,246	3,850
2017	18,284	1,545
2018	4,604	417
2019	495	210
2020	360	210
2021	350	200
2022	350	200
2023	150	-
	$ 44,839	$ 18,236

8. Long-term Investments

The objective of the university's long-term investment policy is two-fold: 1) to ensure the safety and availability of assets for near term operating purposes; 2) to maximize earnings for endowment and non-endowment assets not required for near term operating purposes, at an acceptable risk level.

The long-term investment portfolio includes endowment assets as well as the portion of non-endowment assets that will not be required for spending in the next fiscal year. Asset allocations are as follows:

	April 30	
	2014	2013
Fixed income	$ 331,415	$ 443,063
Canadian equities	135,959	70,500
Foreign equities	269,014	153,858
Real estate	37,416	18,110
	$ 773,804	**$ 685,531**

9. Capital Assets

	April 30 2014			April 30 2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 1,533,404	$ 405,401	$ 1,128,003	$ 848,375
CLSI facility retirement costs	7,593	1,266	6,327	5,280
Site improvements	116,274	47,035	69,239	66,361
Computers	114,193	104,451	9,742	10,266
Equipment and furnishings	360,185	269,051	91,134	86,563
Land	6,573	-	6,573	6,028
Construction in progress	94,555	-	94,555	371,584
Library materials	145,066	129,953	15,113	18,422
	2,377,843	957,157	1,420,686	1,412,879
Assets acquired under capital lease obligation				
Equipment and furnishings	778	516	262	361
	$ 2,378,621	**$ 957,673**	**$ 1,420,948**	**$ 1,413,240**

10. Accounts Payable and Accrued Liabilities

	April 30	
	2014	2013
Non-governmental accounts payable and accrued liabilities	$ 79,161	$ 73,949
Governmental remittances		
Sales taxes	350	270
Payroll related taxes	13,331	13,185
	$ 92,842	**$ 87,404**

11. Deferred Revenue

	April 30	
	2014	2013
Student fees	$ 5,771	$ 5,844
Unearned revenue - Ancillary operations	2,009	629
Unearned revenue - Clinical services	305	173
Deferred contributions	21,602	21,402
	$ 29,687	**$ 28,048**

Student fees relate to fees received prior to April 30th for courses and programs offered after that date.

Unearned revenue – Ancillary operations relates to fees received prior to April 30th for student residences, parking, food services, hospitality services and the bookstore for services after that date. The current year also includes unearned revenue associated with College Quarter Hotel.

Unearned revenue – Clinical services relates to unspent externally restricted funding received prior to April 30th for services provided subsequent to the date.

Deferred contributions represent unspent externally restricted funding for programs and projects, relating to the university's primary role of post-secondary instruction, that do not directly pertain to one of the defined restricted funds.

12. Loans

	April 30	
	2014	2013
Stadium Parkade (a)	$ 10,626	$ 11,034
Annual Sustaining Capital Borrowing (b)	24,944	27,243
College Quarter Undergraduate Residence (c)	43,094	44,083
College Quarter Graduate Residence (d)	30,888	31,380
	$ 109,552	**$ 113,740**

The university holds a 365 day credit facility utilizing monthly revolving Banker's Acceptance Loans (BAC) with the Royal Bank. The term credit facility allows the university to obtain a favourable rate. The interest rate risk for each Banker's Acceptance Loan is managed through an interest rate swap agreement (for interest rate swaps see Note 13). Details are as follows:

a) Royal Bank Banker's Acceptance Loan – Canadian Banker's Acceptance Canadian Deposit Offering Rate (CDOR) + spread of 0.21%, revolves monthly at progressively smaller amounts based on 25 year amortization until September 2029; repayable in full September 2014.

b) Royal Bank Banker's Acceptance Loan – CDOR + spread of 0.21%, revolving monthly at progressively smaller amounts based on 15 year amortization, with end dates between January 2020 to November 2026; repayable in full between August and September 2014. Debt outstanding reflects the obligation incurred as a result of annual borrowing (since 2004/05) to fund on-going capital requirements, net of principal payments to date.

c) Royal Bank Banker's Acceptance Loan – CDOR + spread of 0.21%, revolving monthly at progressively smaller amounts based on 25 year amortization until October 2036 and September 2037; repayable in full August 2014.

d) Royal Bank Banker's Acceptance Loan – CDOR + spread of 0.21%, revolving monthly at progressively smaller amounts based on 30 year amortization until January 2043; repayable in full September 2014.

The university maintains a $15 million revolving demand facility with the Royal Bank of Canada to manage general operating requirements. Borrowings are at RBC Prime minus 0.5%. As of April 30, 2014, there was no borrowing outstanding under the facility.

13. Risk Management Liabilities

	April 30 2014	2013
Natural gas commodity swap agreements (a)	$ 3,589	$ 5,051
Interest rate swap agreements (b)	16,507	26,514
	$ 20,096	**$ 31,565**

To manage the risk of fluctuating natural gas prices the university has entered into the following natural gas commodity swap agreements with the Royal Bank of Canada:

a) Natural Gas Commodity Swap Agreements	April 30 2014	2013
November 15, 2010 agreement (i)	$ 2,187	$ 3,349
December 16, 2010 agreement (ii)	1,342	1,560
January 17, 2012 agreement (iii)	60	142
	$ 3,589	**$ 5,051**

i. A natural gas commodity swap agreement entered into November 15, 2010 which fixes the natural gas rates on a notional quantity of 1,200 Gigajoules (GJ) of natural gas per day between November 1, 2012 and October 31, 2015 and 650 GJ of natural gas per day between November 1, 2015 and October 31, 2020 at rates from $4.90/GJ to $6.54/GJ.

ii. A natural gas commodity swap agreement entered into December 16, 2010 which fixes the natural gas rates on a notional quantity of 650 GJ of natural gas per day between November 1, 2015 and October 31, 2019 at rates from $5.23/GJ to $6.27/GJ.

iii. A natural gas commodity agreement entered into January 17, 2012 which fixes the natural gas rates on a notional quantity of 725 GJ of natural gas per day between November 1, 2015 and October 31, 2016 at a rate of $4.25/GJ.

To manage the interest rate exposure associated with loans (see Note 12) the university has entered into the following interest rate swap agreements with the Royal Bank of Canada (RBC) and Bank of Montreal (BMO):

b) Interest Rate Swap Agreements	April 30 2014	2013
Stadium Parkade (see Note 12) (iv)	$ 2,531	$ 3,353
Annual Sustaining Capital Borrowing (see Note 12) (v)	2,109	3,187
College Quarter Undergraduate Residence (see Note 12) (vi)	7,254	11,115
College Quarter Graduate Residence (see Note 12) (vii)	4,862	8,180
Academic Health Sciences (see Note 14) (viii)	(249)	679
	$ 16,507	**$ 26,514**

The fair value for the interest rate swaps are determined by mark-to-market valuations provided by RBC and BMO:

iv. Interest is at 5.786%; agreement terminates September 2029.

v. Interest rates vary from 2.77% to 5.3%; agreements terminate in January 2020 and November 2026.

vi. Interest rate of 4.63% and 4.57%; agreements terminate in October 2036 and September 2037.

vii. Interest rate of 4.37%; agreement terminates in January 2043.

viii. Interest rate of 1.93%; agreement terminates in December 2022.

14. Long-term Debt

	April 30 2014	2013
Canada Mortgage and Housing Corp. (CMHC) – 6.875% debentures due May 1 and September 1, 2020. These loans are repayable in equal semi-annual installments of $123 blended principal and interest and recovered in their entirety from revenues of the Ancillary Fund.	$ 1,270	$ 1,420
Loan payable to the Government of Saskatchewan – General Revenue Fund – 5.125%, due December 1, 2015. These loans are repayable in equal semi-annual installments of $17 blended principal and interest.	62	92
Loan payable to Farm Credit Canada with interest at FCC personal property variable rate less 0.75%, payable in blended monthly principal repayments of $2, secured by a general security agreement, due July 2016.	68	88
BMO Banker's Acceptance Loan (re: Academic Health Sciences) – CDOR + spread of 0.35%, revolving monthly at progressively smaller amounts based on a 10-year amortization until December 2022; repayable in full December 2022.	52,000	58,000
	53,400	59,600
Less: current portion	**(6,213)**	**(6,200)**
	$ 47,187	**$ 53,400**

Principal payments due each of the next five years are as follows (in thousands of dollars):

2015	$ 6,213
2016	6,226
2017	6,207
2018	6,199
2019	6,211
	$ 31,056

15. Employee Future Benefits

The university sponsors both defined benefit and defined contribution pension plans. The university and employees contribute in equal amounts to the defined contribution plans. The defined benefit plans are funded by employee contributions as a percentage of salary and by the university to support the actuarial based pension benefits. The defined pension benefits are based on years of pensionable service and an average of the highest 4 years of employees' pensionable earnings. The most recently filed actuarial valuation of the pension plans for funding purposes was as of December 31, 2012.

The total expense for the university's defined contribution plans for the year is $19,570 (2013 - $19,098).

The long-term disability plan is a self-insured program providing benefits for academic, administrative, research and other designated employees who have not attained the normal retirement age.

Other post-retirement benefits include post-retirement life insurance or spending accounts, retirement recognition benefit and benefit continuation for disabled employees.

The post-retirement life insurance or spending account liability accrues the university's obligation to pay life insurance premiums between the date of early retirement and the normal retirement date or provide a health spending account for the first two years after retirement for eligible early retirees.

The retirement recognition benefit recognizes the actuarially determined valuation for vacation pay or pay-in-lieu earned by eligible long-service employees.

The benefit continuation for disabled employees' liability accrues the university's obligation to provide health care and dental coverage to eligible long-term disability claimants.

15. Employee Future Benefits (continued)

The pension contribution for disabled employees' liability accrues the university's obligation for pension contributions on behalf of eligible long-term claimants.

The measurement date of plan assets and the actuarial valuation of the accrued benefit obligations for the defined benefit pension plans and the long-term disability plan is December 31, 2013 (extrapolated to April 30, 2014). The measurement date of the actuarial valuations for the accrued benefit obligations for the other post-retirement benefits is April 30, 2014.

a) Funded status of plans	2014	2013	2014			2013
	Long-Term Disability Plan		Defined Pension Plans	Other Post Retirement Benefits	Total	Total
Plan assets						
Fair value at beginning of year	$ 21,144	$ 21,130	$ 437,370	$ -	$ 437,370	$ 413,593
Actual return on plan assets	3,758	2,492	67,266	-	67,266	35,027
Employer contributions	-	-	10,326	1,009	11,335	9,807
Employee contributions	-	-	6,679	-	6,679	6,962
Benefits paid	(2,975)	(2,478)	(35,830)	(1,009)	(36,839)	(28,019)
Fair value at end of year	21,927	21,144	485,811	-	485,811	437,370
Accrued benefit obligations						
Accrued benefit obligation at beginning of year	18,743	19,037	461,031	11,773	472,804	449,444
Current service cost	4,431	4,326	13,447	998	14,445	14,473
Interest cost	705	774	28,999	409	29,408	28,612
Benefits paid	(2,975)	(2,478)	(35,830)	(1,009)	(36,839)	(28,019)
Actuarial (gains) losses	1,947	(2,916)	29,245	(666)	28,579	8,973
Plan amendments	(4,382)	-	-	4,382	4,382	(679)
Accrued benefit obligation at end of year	18,469	18,743	496,892	15,887	512,779	472,804
Accrued benefit asset (liability)						
Fair value - plan assets at end of year	21,927	21,144	485,811	-	485,811	437,370
Accrued benefit obligation, end of year	18,469	18,743	496,892	15,887	512,779	472,804
Valuation allowance	-	-	(3,641)	-	(3,641)	-
Accrued benefit asset (liability), net of valuation allowance	$ 3,458	$ $ 2,401	$ (14,722)	$ (15,887)	$ (30,609)	$ (35,434)
Current portion	$ -	$ -	$ -	$ (1,009)	$ (1,009)	$ (770)
Long-term portion	3,458	2,401	(14,722)	(14,878)	(29,600)	(34,664)
	$ 3,458	$ 2,401	$ (14,722)	$ (15,887)	$ (30,609)	$ (35,434)

15. Employee Future Benefits (continued)

b) Net benefit plan expense

	2014	2013	2014			2013
	Long-Term Disability Plan		Defined Pension Plan	Other Post Retirement Benefits	Total	Total
Current service cost, net of employee contributions	$ 4,431	$ 4,326	$ 6,767	$ 998	$ 7,765	$ 6,295
Interest on benefit obligation	705	774	28,999	409	29,408	29,459
Actual return on plan assets	(3,758)	(2,492)	(67,266)	-	(67,266)	(34,658)
Actuarial (gain) loss on accrued benefit obligation	1,947	(2,916)	29,245	(666)	28,579	7,049
Recognition of plan amendment	-	-	-	-	-	(679)
Increase (decrease) in valuation allowance	-	-	3,641	-	3,641	1,924
Net benefit plan (income) expense	**$ 3,325**	**$ (308)**	**$ 1,386**	**$ 741**	**$ 2,127**	**$ 9,390**

Actuarial assumptions (weighted average as of April 30)

	2014			2013		
	Defined Pension Plans	Long-Term Disability Plan	Other Post Retirement Benefits	Defined Pension Plans	Long-Term Disability Plan	Other Post Retirement Benefits
Discount rate	6.3%	4.2%	3.5%	6.4%	3.3%	3.5%
Compensation increase	3.0%	-	-	3.0%	-	-
Health care cost trend rate	-	-	5.0%	-	-	5.0%
Inflation	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Percentage of fair value of total plan assets held at measurement date by category

	2014			2013		
	Defined Pension Plans	Long-Term Disability Plan	Other Post Retirement Benefits	Defined Pension Plans	Long-Term Disability Plan	Other Post Retirement Benefits
Fixed income	33.0%	77.7%	-	38.4%	14.8%	-
Equities	65.8%	22.3%	-	60.6%	85.2%	-
Other	1.2%	-	-	1.0%	-	-
Total	**100.0%**	**100.0%**	**-**	**100.0%**	**100.0%**	**-**

16. Capital Lease Obligation

The university has entered into leases with GE Capital Solutions and CNH Capital Canada Ltd. for 13 vehicles that are used to support maintenance and operating activities. The lease contracts cover various periods of time, with expiry dates between 2014 and 2018.

These agreements are recognized in the financial statements of the university as an asset acquired under the capital lease as a capital lease obligation. The minimum future lease payments are as follows:

16. Capital Lease Obligation (continued)

Year Ending April 30	2014	2013
2014	$ -	$ 82
2015	72	71
2016	21	21
2017	5	27
2018	23	-
Total minimum lease payments	121	201
Less: amount representing interest at 3% per annum	(7)	(16)
Present value of net minimum capital lease payments	114	185
Less: current portion of capital lease obligation	(66)	(73)
Long-term portion of capital lease obligation	**$ 48**	**$ 112**

17. Decommissioning Costs

The university is required to decommission the CLSI facility when operations cease in accordance with a Particle Accelerator Operating License issued by the Canadian Nuclear Safety Commission (CNSC). The licensing agreement requires a letter of guarantee, in favour of CNSC, equivalent to estimated decommissioning costs. As at April 30, 2014 the university provided a guarantee of $7,510 through a non-revolving demand facility with the Royal Bank of Canada. This amount is amended every 5 years with the last amendment occurring April 2010.

The university, through CLSI, accrues the liability for future decommissioning site restoration costs. The university expects the facility to operate for a 30 year period from commencement of operations and anticipates the future cash flows required to decommission the facility to be $16,435.

The present value of the liability for decommissioning costs has been calculated using a credit-adjusted risk free interest rate of 2.96% (2013 – 2.49%). The change in cost estimate resulted in a $1,298 increase to both the accrued decommissioning costs and the deferred decommissioning costs. The current year decommissioning costs of $499 (2013 - $490) include amortization of deferred decommissioning costs of $251 (2013 - $240) and costs associated with a financial guarantee to the CNSC of $56 (2013 - $57). A reconciliation of the accrued decommissioning costs is as follows:

	April 30	
	2014	2013
Accrued decommissioning costs, beginning of year	$ 7,681	$ 7,253
Accretion expense	192	193
Adjustment due to change in discount rate	1,298	235
Accrued decommissioning costs, end of year	**$ 9,171**	**$ 7,681**

18. Capital Disclosures

The university's objectives when managing its capital are to strengthen its financial position and promote responsible stewardship through the effective management of liquidity and capital structure. To effectively achieve our objectives, the university continues to expand and improve its rigorous planning and budgeting processes and internal control procedures. These strategies ensure the university has appropriate liquidity to meet its operational activities and the growth strategies outlined in the university's Third Integrated Plan.

The university funds its resource requirements through external funding, internally generated funds, loans and debt. All sources of financing are analyzed by management and approved by the university's Board of Governors. The university receives a significant portion of its revenue from the Government of Saskatchewan and is required by *The University of Saskatchewan Act, 1995* to receive prior approval from the Minister of Advanced Education for any borrowing, purchase or sale of land or buildings or any liability or expenditure that may impair the financial status of the university.

19. Externally Restricted Fund Balances

Externally restricted net assets represent unexpended fund balances carried forward for subsequent year's expenditures where stipulations have been imposed by and agreement with an external party specifying the purpose for which resources are to be used.

	April 30	
	2014	2013
Endowment Fund		
Endowed Contributions - permanent	$ 127,836	$ 121,995
Endowment Fund		
Endowed Contributions - term	30,432	28,113
Capitalized endowment earnings	95,867	59,494
	126,299	87,607
Restricted Fund		
Capital Fund	39,670	44,635
Student Financial Aid Fund	39,903	35,864
Research Fund	248,189	220,464
	327,762	300,963
Externally Restricted Fund Balances	454,061	388,570
Total Externally Restricted Fund Balances	**$ 581,897**	**$ 510,565**

20. Internally Restricted Fund Balances

Internally restricted net assets represent amounts set aside by the university's Board of Governors for specific purposes. These amounts are not available for other purposes without the approval of the Board. At April 30, net assets have been set aside for the following purposes:

	April 30	
	2014	2013
General Fund *	$ 278,557	$ 241,445
Restricted Fund		
Student Financial Aid Fund	6,978	5,519
Research Fund	32,006	29,905
Endowment Fund		
Endowed Contributions	32,994	32,504
Capitalized endowment earnings	10,941	5,827
	$ 361,476	**$ 315,200**

* Includes faculty and department carry-forwards and specific purpose reserves

21. Commitments and Contingencies

a) Capital Projects

With commitments relating to the Academic Health Sciences Building, the estimated cost of contractual commitments to complete major capital projects as at April 30, 2014 is approximately $24,836 (2013 - $13,257).

21. Commitments and Contingencies (continued)

b) Lease commitments

The university has operating lease commitments for equipment and capital assets. The minimum future commitments under these contractual arrangements for the next five years are as follows:

2015	$ 1,586
2016	1,586
2017	1,582
2018	1,567
2019	1,558

c) Loan guarantee

The university has provided a loan guarantee of up to $22,000 related to the external financing obtained by the University of Saskatchewan Students' Union (USSU) for expansion and renovation of the Place Riel Student Centre. In accordance with Section 93 of *The University of Saskatchewan Act, 1995* the university received approval from the Minister of Advanced Education to provide the loan guarantee. This completed capital project was approved by the university's Board of Governors.

The USSU holds five-year credit facilities with TD Canada Trust and the First Nations Bank of Canada utilizing floating rate financing totaling $18,300 which expires May 2014. At April 30, 2014, draws on the facility totaled $17,469 (2013 - $17,717). The floating interest rate is managed through interest rate swap agreements with notional amounts of $11,445 terminating in June 2040 and $6,024 terminating in January 2041. The fair value of the interest rate swaps as determined by TD Canada Trust at April 30, 2014 was $3,457 (2013 - $5,327).

The USSU's loan repayments are being funded by a student infrastructure fee. In the event of default by the USSU, the university can directly collect this fee from students.

d) Utility purchases

To manage the price of natural gas, the university has entered into long-term contracts that expire at varying dates until October 2020, in accordance with the university's Derivatives Policy Guidelines, as follows:

Year	Gas Year	Target Range % Booked per Derivatives Policy	Approximate Consumption Needs Booked * %	Weighted Average Price/GJ
0	Nov 13 / Oct 14	75-100	100	6.37
1	Nov 14 / Oct 15	75-100	72	6.25
2	Nov 15 / Oct 16	50-100	75	4.92
3	Nov 16 / Oct 17	50-75	48	5.65
4	Nov 17 / Oct 18	50-75	48	5.89
5	Nov 18 / Oct 19	25-50	48	6.29
6	Nov 19 / Oct 20	0-50	24	6.54

* Note – percentage booked is approximate – consumption needs require confirmation, particularly in years further out.

In total, the commitment for natural gas purchases at April 30, 2014 is $21,217 (2013 - $27,381).

21. Commitments and Contingencies (continued)

e) Outstanding legal claims

The nature of the university's activities are such that there may be litigation ending or in progress at any time. With respect to claims at April 30, 2014, the university believes it has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, the settlements of such claims are not expected to have a significant effect on the university's financial position, with the exception of the items noted below.

On June 26, 2007 a statement of claim was issued against the university alleging responsibility for environmental contamination of adjoining land. The university has filed a statement of defense, denying all claims. The outcome is not determinable at this time. No provision for this claim has been made in the accounts.

On August 14, 2012, a statement of claim was issued against the university alleging breach of contract for property management services to a student residence complex in College Quarter. The outcome is not determinable at this time. No provision for this claim has been made in the accounts.

Should ultimate resolutions differ from management's assessments and assumptions, a significant adjustment to the university's financial position or results of operations could occur.

f) Canadian Universities Reciprocal Insurance Exchange

The university is a member (of a group of 61 members) of the Canadian Universities Reciprocal Insurance Exchange (CURIE), a self-insurance reciprocal established to share the insurable property, liability and errors and omissions risk of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through the members' premiums. As at December 31, 2013, CURIE had an accumulated surplus of $71,331 (2012 - $60,499) of which the university's pro-rata share is approximately 4.41% (2012 – 3.93%).

g) Other

The university has identified potential asset retirement obligations related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the University may be required to take appropriate remediation procedure to remove the asbestos. As the University has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk, the fair value of the obligation cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligation for these assets will be recorded in the period in which there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation.

22. Salaries

Salaries expense includes severance and early retirement payments totaling $6,907 (2013 - $6,352) made under targeted workforce adjustments to reduce administrative and support positions, and payments of $15,706 during 2013/14 under an incentive plan for retirement specifically for faculty.

23. Employee Benefits

	April 30	
	2014	2013
Pension expense - defined benefit (Note 15)	$ 1,386	$ 6,560
Pension expense - defined contribution (Note 15)	19,570	19,098
Employee future benefits (Note 15)	4,066	2,522
All other employee benefits	30,480	29,734
	$ 55,502	**$ 57,914**

24. Interest Expense (Recovery)

	April 30	
	2014	2013
Interest expense	$ 6,085	$ 4,321
Increase (decrease) in fair value of natural gas commodity swap agreements (Note 13)	(1,462)	(514)
Increase (decrease) in fair value of interest rate swap agreements (Note 13)	(10,007)	5,404
	$ (5,384)	**$ 9,211**

25. Gifts-in-kind and Donation Pledges

Gifts-in-kind in the amount of $8,536 were recorded in the year (2013 - $7,455). Gifts-in-kind consist of the following:

	April 30	
	2014	2013
Works of Art	$ 177	$ 1,139
Equipment and furnishings	9	68
Investments	5,320	3,030
Library holdings	63	33
Research project contributions	2,175	1,689
Other	792	1,496
	$ 8,536	**$ 7,455**

Donations pledged but not received as at April 30, 2014 totaled $51,493 (2013 - $55,042). These pledges are expected to be honoured during the subsequent five-year period and will be recorded as revenue when received.

26. Collections

a) Collections of Artifacts, Archival Material and Rare Books

The university has acquired collections of artifacts, archival materials and rare books. These items have been accumulated largely as adjuncts to the university's research and teaching missions. Acquisitions are donated as well as purchased. The university rarely disposes of items from these collections.

The significant collections include the personal artifacts, papers, and library of the late John G. Diefenbaker, the official records of the university, papers of faculty and alumnae, originals and replicas of ancient and medieval artifacts, as well as old and rare material with a focus on western Canada.

b) Art Collection

The Kenderdine Art Gallery administers the permanent art collection of the university. The collection includes works of art that provide a historic or artistic context for objects that are already in the collection as well as works that are of historic interest to the university or the Province of Saskatchewan. Proceeds from the sale of objects are used for the purchase of new acquisitions or direct care of the collection.

27. Operating Fund Allocations

The Operating Budget is a component of the Operating Fund (Schedule 1). The Operating Budget is the annual funding allocation provided to colleges and units to carry out their primary function of instruction (including academic support) as aligned with their respective integrated plans. It also includes the allocation for central costs such as utilities, scholarships, and central administrative costs.

The Operating Budget does not include other operational activity included in the Operating Fund (Schedule 1), such as restricted revenue targeted for clinical services, non-credit instruction and activities, fee-for-service activity, the costs of employee future benefits and the consolidation of the university's subsidiary companies.

27. Operating Fund Allocations (continued)

A comparison of the university's Operating Budget Allocations, as approved by the university's Board of Governors, to actual expenses (net of other recoveries and revenues) is as follows:

	2014[a]		2013[a]	
	Budget[b]	Expenses[c]	Budget[b]	Expenses[c]
Agriculture and Bioresources	$ 14,645	$ 14,448	$ 13,904	$ 13,407
Arts and Science	64,609	64,879	63,359	63,238
Edwards School of Business	14,688	14,363	14,773	13,855
Dentistry	5,367	5,685	5,798	5,313
Education	10,103	10,449	9,974	10,418
Engineering	17,201	16,540	16,533	16,604
Centre for Continuing and Distance Education	5,648	5,251	5,077	4,945
Graduate Studies and Research	3,902	3,490	3,350	2,543
Kinesiology, including Huskie Athletics	5,377	5,457	5,348	5,315
Law	6,480	6,003	6,009	6,181
Medicine	55,143	44,426	50,705	44,760
Targeted Funding - Medicine Accreditation	19,743	17,199	19,288	22,478
Nursing	18,157	17,085	17,349	14,422
Pharmacy and Nutrition	5,692	5,758	5,541	5,478
Veterinary Medicine	27,678	27,084	27,116	24,790
Academic Support Units[d]	7,565	7,580	7,357	7,680
Schools	5,273	4,538	4,547	4,379
Library	11,838	11,724	11,703	12,987
Non-instructional units:				
Information Technology	10,429	9,964	10,670	11,688
Student and Enrolment Services	11,651	11,359	11,867	11,823
Facilities Management	21,895	24,923	23,381	26,878
Consumer Services	371	221	515	993
Campus Safety	2,432	2,465	2,574	2,430
University Advancement	9,118	8,939	9,657	9,298
Administrative Units[e]	30,262	26,592	29,154	30,358
Central Utilities	17,172	15,091	16,491	16,568
Central Scholarships/Bursaries	9,629	9,629	9,596	9,596
Central Research and Scholarly	20,242	15,128	19,908	18,067
Central Student Support	614	688	557	578
Central Network, Software and System Renewal	7,476	7,902	6,816	5,886
Central Administration[f]	20,946	21,103	14,345	16,632
Central Benefits[g]	9,757	10,202	9,786	12,355
Total	**$ 471,103**	**$ 446,165**	**$ 453,048**	**$ 451,943**

Chart continued on following page.

27. Operating Fund Allocations (continued)

Notes:

a) Budget allocations and expenses reflect the results of any organizational restructuring during the year.

b) For some colleges/units, the budget allocation amount above varies from the "Allocation of Operating Revenue" amount reflected in Schedule 3. This difference is caused by classification adjustments.

c) Expenses include spending of opening fund balances, as anticipated.

d) Academic support units include the University Learning Centre, the Gwenna Moss Centre for Teaching Effectiveness, Media Access and Production, Northern Ecosystems Toxicology Initiative, the Saskatchewan Academic Health Sciences Network and the Council of Health Science Deans.

e) Administrative and research support units include the Offices of the President, Provost and Vice-President Academic, Vice-President Finance and Resources, Vice-President Research, and the University Secretary as well as Human Resources, Financial Services, Audit Services, Corporate Administration, Institutional Planning and Assessment and various research centres.

f) Central Administration includes salary accruals for all colleges/units related to collective agreements which will be settled in subsequent years. Using additional revenue generated in excess of budget, notably investment income, the university had additional resources to expend. These expenses were primarily Board-approved allocations to previously approved initiatives.

g) Central Benefits includes accountable professional allowances and other benefits provided to employees under the terms of collective agreements.

28. Interfund Transfers

Fund accounting is a common practice in not-for-profit organizations whereby resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives. Interfund transfers are used when resources residing within one fund are utilized to fund activities or assets that should, by their nature, be recorded in another fund.

	Operating	Ancillary	Student Financial Aid	Research	Capital	Endowment
Salary and benefits	$ (1,314)	$ -	$ (4)	$ 1,318	$ -	$ -
Loan and interest payments	1,260	(7,431)	-	-	6,171	-
Capital acquisition and related funding	(24,345)	3,690	(30)	(31,078)	51,763	-
Donations	71	-	(201)	(3)	(1)	134
Scholarships, bursaries and awards	(14,960)	-	14,977	(17)	-	-
Fund transfers for Endowment	(118)	-	-	-	-	118
Funding for Research	19,363	-	(299)	(19,064)	-	-
Funding of General operating expenses	2,903	(2,932)	-	30	(1)	-
Contingency transfers	3,095	(2,303)	-	-	(792)	-
Recapitalized spending for "underwater" Endowment Funds	(4,993)	-	(162)	(342)	-	5,497
Transfers to Endowment from spendable funds	-	-	(20)	-	-	20
Other net transfers	2,763	(2,763)	-	-	-	-
April 30, 2014	**$ (16,275)**	**$ (11,739)**	**$ 14,261**	**$ (49,156)**	**$ 57,140**	**$ 5,769**
April 30, 2013	**$ (20,897)**	**$ (22,714)**	**$ 13,679**	**$ (53,794)**	**$ 81,976**	**$ 1,750**

29. Related Party Transactions

The university receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its members to the Board of Governors appointed by the Government. Revenue received from the Government of Saskatchewan is disclosed separately in the Statement of Operations. A portion of the revenue from the Government of Saskatchewan includes supplemental funding for facilities, including funding allocated to principal and interest repayments for sustaining capital.

To the extent that the Government of Saskatchewan exercises significant influence over the operations of the university, all Saskatchewan Crown agencies such as corporations, boards and commissions are considered related parties to the university. Routine expenses with these related parties are recorded at the standard or agreed rates charged by these organizations.

Transactions during the year and the amounts outstanding at year-end are as follows:

	April 30	
	2014	2013
Sales of services and products – physicians' billings	$ 12,374	$ 12,852
Expenses		
Utilities	14,356	13,017
Various	35,680	33,116
Accounts receivable	55,390	43,831
Long-term investments	73	78
Accounts payable and accrued liabilities	3,243	3,639
Deferred revenue	5,001	6,168
Long-term debt	63	92

30. Financial Instruments

The university's financial instruments recorded in the consolidated financial statements consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, loans, capital lease obligations, other contractual liabilities and long-term debt.

a) Risk Management and Financial Instruments

i. Market risk

The university is exposed to market risk – the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. Investments are placed in accordance with policies specifying the quality of investments so that diversification limits risk of exposure in any one type of investment instrument.

ii. Foreign currency risk

The university has foreign currency risk from its foreign currency denominated cash and investment accounts and exposure to foreign currency dominated revenues or expenses. Investments are placed in accordance with policies addressing investment in foreign currency to reduce the level of risk by diversifying the portfolio of investment classes.

30. Financial Instruments (continued)

a) Risk Management and Financial Instruments (continued)

iii. Interest rate risk

Interest rate swap agreements are utilized on the Royal Bank Banker's Acceptance Loans to reduce interest rate risk arising from fluctuations in interest rates and to manage the floating interest rates of these loans – see Note 12, above. The university is subject to interest rate risk as a result of market fluctuations in interest rates and the degrees of volatility of these rates.

iv. Credit risk

The university has normal credit risk from counterparties. Since government agencies compose a significant portion of the receivable arising from the university's diverse client base, possibility of default is believed to be low.

v. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The university minimizes its liquidity risk through careful management of Investment Pools to maintain sufficient liquidity for operating purposes.

b) Fair Value of Financial Instruments

The carrying values of all financial instruments approximate fair value with the exception of long-term debt, which as at April 30, 2014, has a carrying value of $53,400 (2013 - $59,600) and a fair value of $53,333 (2013 - $59,820).

31. Comparative Figures

Certain comparative figures have been reclassified in order to conform to the financial statement presentation adopted for the current year.

UNIVERSITY OF SASKATCHEWAN

Schedule 1 - Consolidated Statement of Operations and Changes in Fund Balances - General Funds
For the Year Ended April 30, 2014 ($ thousands)

	Operating	Ancillary	Total
Revenues			
Grants and contracts			
Government of Canada	$ 5,025	$ -	$ 5,025
Government of Saskatchewan	408,333	100	408,433
Other governments	20,436	-	20,436
Non-government	7,838	-	7,838
Student fees	127,411	-	127,411
Gifts, grants and bequests	6,047	-	6,047
Sales of services and products	48,553	50,016	98,569
Income from investments	30,815	11	30,826
Real estate income	1,238	3,991	5,229
Royalties	13,305	(1)	13,304
Miscellaneous income	5,650	54	5,704
	674,651	54,171	728,822
Expenses			
Salaries (Note 22)	406,603	9,748	416,351
Employee benefits (Note 23)	48,366	1,354	49,720
Operational supplies and expenses	104,174	4,104	108,278
Travel	12,687	44	12,731
Cost of goods sold	6,804	11,163	17,967
Maintenance, rental and renovations	14,269	2,063	16,332
Utilities	14,261	10,695	24,956
Scholarships, bursaries and awards	3,505	-	3,505
Interest (Note 24)	(1,446)	-	(1,446)
Bad debt expense	284	77	361
Decommissioning costs (Note 17)	-	-	-
	609,507	39,248	648,755
Excess of revenues over expenses	65,144	14,923	80,067
Interfund transfers (Note 28)	(16,275)	(11,739)	(28,014)
Net increase in fund balances for year	48,869	3,184	52,053
Fund balances, beginning of year	246,334	(29,759)	216,575
Fund balances, end of year	**$ 295,203**	**$ (26,575)**	**$ 268,628**

See accompanying notes to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

Schedule 2 - Consolidated Statement of Operations and Changes in Fund Balances - Restricted Funds
For the Year Ended April 30, 2014 ($ thousands)

	Student Financial Aid	Research	Capital	Total
Revenues				
Grants and contracts				
Government of Canada	$ -	$ 64,276	$ -	$ 64,276
Government of Saskatchewan	2,198	57,384	32,873	92,455
Other governments	31	1,403	-	1,434
Non-government	158	55,297	-	55,455
Student fees	-	-	-	-
Gifts, grants and bequests	2,529	9,888	2,763	15,180
Sales of services and products	18	8	-	26
Income from investments	8,375	7,208	505	16,088
Real estate income	87	70	-	157
Royalties	16	-	-	16
Miscellaneous income	41	116	86	243
	13,453	195,650	36,227	245,330
Expenses				
Salaries	1,467	61,465	-	62,932
Employee benefits (Note 23)	95	5,687	-	5,782
Operational supplies and expenses	304	26,077	2,054	28,435
Travel	118	6,413	6	6,537
Cost of goods sold	-	7	-	7
Maintenance, rental and renovations	-	1,612	37	1,649
Utilities	-	31	-	31
Amortization	-	-	73,081	73,081
Scholarships, bursaries and awards	20,225	15,375	-	35,600
Interest (Note 24)	-	-	(3,938)	(3,938)
Bad debt expense	7	-	-	7
Decommissioning costs (Note 17)	-	-	499	499
	22,216	116,667	71,739	210,622
Excess (deficiency) of revenues over expenses	(8,763)	78,983	(35,512)	34,708
Interfund transfers (Note 28)	14,261	(49,156)	57,140	22,245
Net increase in fund balances for year	5,498	29,827	21,628	56,953
Fund balances, beginning of year	41,383	250,368	1,250,428	1,542,179
Fund balances, end of year	**$ 46,881**	**$ 280,195**	**$ 1,272,056**	**$ 1,599,132**

See accompanying notes to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

Schedule 3 - Consolidated Statement of Operations and Changes in Fund Balances by Academic and Instructional Unit
For the Year Ended April 30, 2014 ($ thousands)

	Agriculture and Bioresources	Arts and Science	Edwards School of Business	Dentistry	Education	Engineering
Revenues						
University operating budget	$ 14,645	$ 64,274	$ 14,688	$ 5,367	$ 10,103	$ 17,201
Grants and contracts						
Government of Canada	5,057	16,420	168	-	1,206	4,379
Government of Saskatchewan	15,528	6,044	26	144	827	2,478
Other governments	275	139	-	-	-	12
Non-government	27,042	9,408	9	10	723	4,039
Student fees	76	162	1,390	77	200	15
Gifts, grants and bequests	1,278	2,216	1,559	103	85	2,495
Sales of services and products	5,285	784	269	2,422	1,124	914
Income from investments	9,883	6,146	3,438	100	643	5,239
Real estate income	310	-	-	-	-	-
Royalties	2,416	1	-	-	-	-
Miscellaneous income	625	195	-	9	33	210
	82,420	105,789	21,547	8,232	14,944	36,982
Expenses						
Salaries (Note 22)	30,415	64,679	12,067	5,409	10,600	19,085
Employee benefits (Note 23)	3,965	7,790	1,477	717	1,247	2,284
Operational supplies and expenses	10,632	5,787	2,425	1,168	1,784	2,716
Travel	1,189	3,261	526	79	617	750
Cost of goods sold	87	10	-	659	1	53
Maintenance, rental and renovations	866	427	164	98	92	128
Utilities	311	81	22	-	-	-
Amortization	-	-	-	-	-	-
Scholarships, bursaries and awards	3,483	8,858	831	25	657	2,582
Interest (Note 24)	-	-	-	-	-	-
Bad debt expense	-	-	-	23	-	-
Decommissioning costs (Note 17)	-	-	-	-	-	-
	50,948	90,893	17,512	8,178	14,998	27,598
Excess (deficiency) of revenues over expenses	31,472	14,896	4,035	54	(54)	9,384
Interfund transfers (Note 28)	(4,205)	(1,724)	(259)	(123)	358	(406)
Net increase (decrease) in fund balances for year	**$ 27,267**	**$ 13,172**	**$ 3,776**	**$ (69)**	**$ 304**	**$ 8,978**

* Centre for Continuing and Distance Education
See accompanying notes to consolidated financial statements

CCDE®	Graduate Studies and Research	Kinesiology	Law	Library	Medicine	Nursing	Pharmacy and Nutrition	Western College of Veterinary Medicine	Other Units	Total
$ 5,648	$ 3,902	$ 5,377	$ 6,480	$ 16,427	$ 70,997	$ 18,157	$ 5,692	$ 27,678	$ (286,636)	$ -
10	814	783	3	17	9,831	429	689	2,750	26,745	69,301
-	940	247	66	390	78,445	475	1,406	1,593	392,279	500,888
-	-	-	24	-	15	-	5	701	20,699	21,870
-	140	343	429	-	8,450	121	755	2,919	8,905	63,293
5,832	239	4,094	265	-	704	235	250	50	113,822	127,411
1	286	1,876	938	423	1,435	403	359	1,044	14,787	29,288
1,312	-	2,913	206	43	13,822	4	49	8,446	61,002	98,595
18	1,077	641	3,414	990	5,335	380	1,341	4,960	39,678	83,283
-	-	79	-	-	143	-	-	-	4,854	5,386
6	-	-	15	-	-	-	-	-	10,882	13,320
52	2	258	29	89	575	59	61	89	3,661	5,947
12,879	7,400	16,611	11,869	18,379	189,752	20,263	10,607	50,230	410,678	1,018,582
8,268	1,366	8,190	5,826	10,017	109,941	13,067	6,607	24,552	149,194	479,283
1,093	195	917	707	1,543	11,095	1,646	833	3,314	16,679	55,502
1,249	114	3,499	658	4,567	38,481	1,732	1,277	7,038	53,648	136,775
742	79	1,393	307	179	4,112	369	341	812	4,512	19,268
-	-	8	-	-	1	-	1	907	16,247	17,974
45	-	220	5	19	963	68	7	993	13,886	17,981
-	-	22	-	-	60	-	-	79	24,412	24,987
-	-	-	-	-	-	-	-	-	73,081	73,081
9	1,603	1,355	725	2	4,720	581	961	2,529	10,184	39,105
-	-	-	-	-	-	-	-	-	(5,384)	(5,384)
-	-	1	-	1	(23)	-	-	15	351	368
-	-	-	-	-	-	-	-	-	499	499
11,406	3,357	15,605	8,228	16,328	169,350	17,463	10,027	40,239	357,309	859,439
1,473	4,043	1,006	3,641	2,051	20,402	2,800	580	9,991	53,369	159,143
(749)	3,978	5	444	(294)	(7,752)	(1,298)	346	1,745	9,934	-
$ 724	$ 8,021	$ 1,011	$ 4,085	$ 1,757	$ 12,650	$ 1,502	$ 926	$ 11,736	$ 63,303	$ 159,143

University of Saskatchewan | Campus Map

Map Legend

- Buildings
- Underground Pedestrian Walkway
- Walking Path
- **Transit Hub** (Saskatoon Transit and university service vehicles only)
- **Royal University Hospital**
- **Wayfinding Maps**
- **Information Centres**

Place Riel Student Centre - PH 306-966-6788
1 Campus Drive
Parking and Transportation Services
PH 306-966-4502
Animal Science Bldg, 72 Campus Drive
Open 8:00 AM - 4:30 PM Monday - Friday
Royal University Hospital Information Desk
PH 306-655-1005

Protective Services available 24 hrs
306-966-5555

Public Parking
- > Pay Parking Lots** 1 2 3
- > Metered Parking Lots 14 15
- > Agriculture Building Parkade** 5
- > Stadium Parkade** 2
- > Diefenbaker Lot 17
- > Health Sciences Parkade** 12

Faculty & Staff Parking Lots*
A B C D E F
G H I J K L

Student Parking Lots*
1 2 3 4 5

- Metered Parking
- Disabled Persons' Parking*
- Motorcycle Parking*

* Parking Permits Required. Contact Parking and Transportation Services.
** Parking Payment machine at exit gate.
For additional parking information please visit
www.usask.ca/parking

February 2014 www.usask.ca/maps

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2013/14

Officers of the University

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Gordon Barnhart (Interim President, May 2014)
Vera Pezer (Chancellor to July 2013)
Blaine Favel (Chancellor)

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Greg Smith (Vice-Chair)

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Karen Chad

University Secretary
Elizabeth Williamson

Vice-Provost, Faculty Relations
Jim Germida

Vice-Provost, Teaching and Learning
Patricia McDougall

Vice-Provost College of Medicine Organizational Restructuring (Term)
Martin Phillipson

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Glen Hollinger (Acting to February 2014)
Mark Roman (March 2014)

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Laura Kennedy

Associate Vice-President (Facilities Management) and University Architect
Colin Tennent

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David Hannah

Associate Vice-President (Research)
Jim Basinger

Associate Vice-President (Research – Health)
Beth Horsburgh

Associate Vice-President (Human Resources)
Barb Daigle

Associate Vice-President (Development)
Doug Clark (to December 2013)

Associate Vice-President (Communications)
Ivan Muzychka

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Agriculture and Bioresources
Mary Buhr

Arts and Science
Peter Stoicheff

Dentistry
Gerry Uswak (to July 2013)
Ken Sutherland (Acting, July 2013)

Education
Robert Regnier (Acting)

Engineering
George Kipouros (Acting)

Graduate Studies and Research
Adam Baxter-Jones (Acting)

Johnson-Shoyama Graduate School of Public Policy
Michael Atkinson

Kinesiology
Carol Rodgers

Law
Sanjeev Anand

Medicine
Lou Qualtiere (Acting to November 2013)
Colum Smith (Acting, November 2013)

N. Murray Edwards School of Business
Daphne Taras

Nursing
Lorna Butler (to July 2013)
Lois Berry (Acting, July 2013)

Pharmacy and Nutrition
David Hill

School of Environment and Sustainability
Toddi Steelman

School of Public Health
Robert Buckingham

University Library
Vicki Williamson (to July 2013)
Ken Ladd (Acting, July 2013)

Western College of Veterinary Medicine
Douglas Freeman

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